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OF PALESTINE

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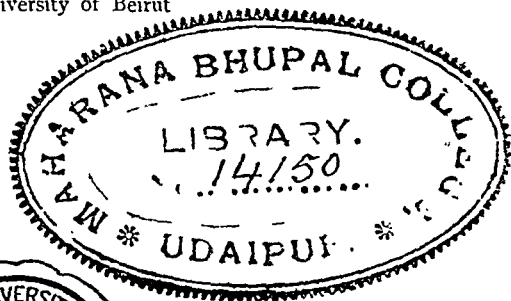
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ECONOMIC ORGANIZATION OF PALESTINE

EDITED BY

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PREFACE

The need has always been felt for a comprehensive study of the economic conditions in the Arabic-speaking countries of the Near East, but the paucity of statistics in the past made it impossible to undertake such work. Since the Great War, however, more attention has been given to the collection and publication of data, chiefly because of the annual reports the mandatory powers have had to submit to the League of Nations; but, with the exception of Palestine to a certain extent, data are still deficient as to quantity and, in some cases, as to reliability also.

This volume on Palestine is the third of three economic surveys which the Social Science Research Section of the American University of Beirut planned to undertake. It is a group study integrating the efforts of three members of the teaching force of the Department of Economics and Commerce and six scholars from outside the University, five of whom are living in Palestine. The other two volumes are on Syria (including Lebanon) and on Iraq.

The purpose of these surveys is to present a comprehensive study of the economic structure and conditions of the Arabic-speaking countries of the Near East, including their human, natural, and capitalistic equipment, and their agricultural, industrial, commercial, and financial organization.

The significance of these works may be summarized under six points : First, they are path-finder studies, a preliminary to intensive research along specific lines of the economic life of the countries surveyed. Second, they may serve as a basis for the formulation of short-term and long-term programs for these communities. Third, they educate the community leaders, and facilitate the establishment of purposeful cooperation among the different economic groups. Fourth, they help to promote economic relationships between the Arabic-speaking countries and make it possible for them to profit from each other's experience. Fifth, they may be used as textbooks or reference works. Lastly, they will be historical accounts of the economic conditions of the territories surveyed, and as such will be valuable for comparison in the future.

The transliteration used in this book is the one contained in the "Transliteration" booklet published by authority of the Palestine Government, subject to options allowed. The vowels have the continental values and the long vowels are marked as such, but the consonants are not distinguished here, except that the otherwise un-employed q is used to represent a particular Arabic guttural, and the Arabic letter 'ayn is denoted by an inverted comma. Names which have been incorporated in the English language and names for which the exact pronunciation is not known have been used in their customary spelling.

An Arabic edition of this volume is in preparation.

The editor wishes to acknowledge his indebtedness to all the contributors for their collaboration, interest and forbearance, and to Mr Amin B Himadeh for his self-denial in the painstaking work of proof-reading and checking of figures.

SA'ID B. HIMADEH

Beirut Lebanon
December, 1938

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CHAPTER I
POPULATION

BY

LISTER G. HOPKINS, B.E, B.A. (OXON.)

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CHAPTER I

POPULATION

I. Introduction

The number of works which have been written about the land and people of Palestine is legion. The last hundred years have seen an ever-increasing number of visitors from the West, tourists, pilgrims, students and archaeologists, and their writings have in large measure served to promote a knowledge of the present-day conditions of a land with which religious literature has made so large a part of humanity familiar.

Unfortunately, while qualitative information is so abundant, it is much more difficult to get reliable quantitative material, particularly of such a nature as would enable the present state of population to be compared with that before the Great War. Prior to the War the present territory of Palestine was administered as a part of the Turkish empire, and was comprised in three administrative areas; the *Mutasarrifiyah* of Jerusalem, responsible directly to Constantinople, and the two *Mutasarrifiyahs* of Acre and Nâblus, which were part of the larger *Vilayet* of Beirut. From time to time the Turkish authorities made attempts to enumerate the population, the object being not for statistical or administrative purposes but rather to obtain the names and ages of persons liable for military service, or with a view to imposing fresh taxation. The results of such enumerations are to some extent available from Turkish records, but there was no attempt to table the material and publish it in the manner of a modern census.

Between the years 1917 and 1922, the new British administration compiled figures of population based on estimates of all villages and towns prepared by government officers. The first real census of Palestine was undertaken in 1922, and the published results¹ give a complete picture of the territorial and religious groupings of the people. The nomad or tent-dwelling population was distinguished from the settled, or house-dwelling population. Ages, in very broad groupings, and languages were also tabled, and an attempt made to ascertain the

1. J. B. Barron, *Report and General Abstracts of the Census of 1922*, (Jerusalem, 1923). Henceforth this work is referred to as *Census of Palestine, 1922*.

number of Palestinians residing abroad. A second census was taken in November, 1931 in which more detailed information was sought. The report of this census² contains a wealth of descriptive material in addition to the very extensive tables and the material in this chapter is based very largely on the data which the 1931 census brought to light.

II Distribution and Density

The total land area of Palestine is given as 26,319 square kilometres, or about 10,400 square miles.³ There is a certain lack of precision about this figure owing to the uncertainty of the Eastern boundary with Trans Jordan. The boundary is defined as the centre of the Wadi Araba from a point west of Aqaba to the Dead Sea, and thence along the Jordan and the Yarmuk rivers until the Syrian frontier is reached. A trigonometric survey of the Wadi Araba has not yet been attempted, so that the exact centre line of the valley has yet to be determined, and moreover, the course of the Jordan is subject to frequent changes.

For administrative purposes Palestine is divided into four districts, the Southern District, with Jaffa—Tel Aviv as its centre, the Jerusalem District, the Northern District with Haifa as its centre, and the Galilee District with Nazareth as its centre. There are eighteen sub-districts, each of which takes its name from its central town. The Southern District contains the sub-districts of Gaza, Beersheba, Jaffa and Ramle, the Jerusalem District contains the sub-districts of Hebron, Bethlehem, Jerusalem, Jericho and Ramallah, the Northern District contains the sub-districts of Tulkarm, Nablus, Jenin and Haifa, and the Galilee District contains the sub-districts of Nazareth, Beisan, Tiberias, Acre and Safad.

The sub-districts are purely administrative divisions, and for the most part do not correspond with any geographical or ethnographical sections. Geographically, Palestine can be divided into seven distinct regions, as follows —

- 1 The Maritime Plain, extending north from the Egyptian frontier, varying in width and terminating at Mount Carmel, just south of Haifa. The northern section of this plain is often called the Plain of Sharon.
- 2 The Coastal Plain of Acre, extending from Carmel north to the promontory of Ras en Naqura at the Syrian frontier.

² E. Mills, *Census of Palestine 1931* (Alexandria 1933). Henceforth this work is referred to as *Census of Palestine 1931*.

³ *Memoranda prepared by the Government of Palestine for the use of the Palestine Royal Commission* (Jerusalem, 1937) Mem. I p. 16. Henceforth this work is referred to as *Memoranda for Palestine Royal Commission*.

3. A broad valley running south-east from Haifa to the Jordan Valley, and dividing the hills of Palestine into two distinct groups. The western portion of this valley is the triangular Plain of Esdraelon (Marj Ibn 'Âmir), which communicates with the Coastal Plain of Acre through the narrow gap of the River Kishon. East of 'Affûla the valley again narrows and falls towards the Jordan Valley at Beisân, this section being known as the Valley of Jezreel.

4. The central range, south of Esdraelon, comprising the hills of Judaea and Samaria. This is the "backbone" of Palestine and extends from Hebron in the south past Jerusalem and Nâblus and falls away to Esdraelon and Jezreel. Carmel ridge is a long spur of the Samaria hills, extending north-west to the sea at Haifa. The south-west flank of the central range, comprising the coastal slopes in the Hebron Sub-District, is known as the Shephelah. The south-east portion of the Judaeian hills, falling away to the Dead Sea, is described as the Wilderness of Judaea.

5. The hills of Galilee, which comprise the whole of the north of Palestine with the exception of the narrow Plain of Acre and the Jordan Valley.

6. The Jordan Valley, extending from the Syrian frontier in the north at Bân'yâs to the Dead Sea. The valley north of Lake Hûla is wide, flat and marshy, and is often considered separately as the Hûla Basin.

7. The district of Beersheba, an immense triangle with its apex at the gulf of 'Aqaba, which contains nearly half the land of Palestine. It is largely desert and is only sparsely populated.

The average density of population over the whole of Palestine was 40 persons per square kilometre in 1931, and this density is estimated to have increased to about 51 persons per square kilometre in 1936. It must be remembered, however, when comparing this figure with that of European countries, that Palestine, in common with its neighbours, has a large area of desert. The present Beersheba Sub-District carries a sparse population of only 4 persons per square kilometre and there is no immediate prospect of this density being increased. The remainder of the country, 13,742 square kilometres in area, had in 1931 an average density of 71 persons per square kilometre, and this density is estimated to have increased to 93 persons per square kilometre in 1936.

The population at the census of 1922 and at the census of 1931 was divided among the various geographical regions as is shown in Table I.

The largest region, apart from Beersheba, and the most populous, is formed by the hills of Judaea and Samaria. The density of population

over this area was 56 persons per square kilometre in 1922 and 76 persons per square kilometre in 1931. The next most populous area was, in 1931, the Maritime Plain with 344 000 inhabitants. The Coastal Plain has the highest density of any region, namely 118 persons per square kilometre. Moreover the increase from census to census was numerically and pro-

TABLE I
Distribution and Density of Population According to
Geographical Regions

Region	Area (sq km)	Population		Density (persons per sq km)	
		1922	1931	1922	1931
1 Mantm Plain	2 928	209 830	344 137	71	118
2 Acre Plain	316	15 225	18 405	48	58
3 Esdraelon	351	10 629	12 504	30	36
Jezreel	65	2 521	5 566	39	86
4 Judacan H lls	6 005	335 133	457 619	56	76
Wilderness	1 051	11 483	10 922	11	10
5 Galilee H lls	2 083	85 472	109 568	41	52
6 Jordan Valley	681	8 329	11 995	12	18
Hula Basin	262	3 306	14 023	—	54
7 Beersheba	12,577	75 254	51 082	—	4
All Palestine	26 319	757 182	1 035 821	29	40

portionately greater than in the hills. The great increase by immigration since 1931 has gone very largely into the Coastal Plain and this area now approaches the central hills in total population and greatly surpasses the latter region in density. Agricultural development particularly in orange growing has been more rapid in the plain than in the hills in recent years and it is believed that some migration from the hills to the plain has taken place.

III Religions

The peoples of Palestine exhibit a very great diversity of cultures, and it would be misleading to attempt any study of them which did not take account of the differences between the various sections of the population. It has usually been the practice in government publications to classify the population by religions into the four main groups, Moslems, Jews, Christians and Others. The religious division is traditionally the

most important one in Palestine. The religious communities have preserved their identity and have exercised a continuous jurisdiction over their members, even though the political institutions of the country have undergone great changes. Under the Palestine Order in Council, 1922, the established religious communities exercising jurisdiction at that date continue to exercise jurisdiction in matters of personal status, marriage, divorce and succession.

Side by side with the religious division of the population is a second broad division into the three groups; Arabs, Jews, and 'Others'. This division is a political one, and one which the course of events since the Great War has tended to emphasize. It has its roots in a complex of ethnological and linguistic features. In this political division, the Jews are practically synonymous with the members of the Jewish religious community. The Arabs constitute the great bulk, though by no means all, of the Arabic-speaking inhabitants of Palestine. A description of the various religious communities will enable the interconnection of language and race with religion to be explained.

A. MOSLEMS.

The Moslems in Palestine number about 850,000 persons.⁴ The great majority of them are Sunni Moslems or Traditionalists, but at the time of the 1931 census there were 4,100 Shi'ites. The Sunni Moslems are divided among four rites in roughly the following proportions :—⁵

Shâfi'î	70 per cent.
Hanafî	20 per cent.
Hanbalî	9 per cent.
Mâlikî	1 per cent.

The term 'indigenous' applied to any population group of Palestine is at once indefinite and controversial, but the Moslem population may be said to be almost entirely indigenous in that it is composed of the settled *fellahin*, who have cultivated the same land, and the Bedouin, who have moved over the same nomadic ambit, for many generations. The town-dwelling Moslems are grouped into large families which also have survived as distinct entities for some centuries. Though racially of very varied origin, the Palestine Moslems have been under the influence of a common language and a common religion for thirteen hundred years.

Two groups of Moslems, which maintain characteristics distinct from

4. Official estimate at 31-xii-36 : Settled Moslems 796,000, Nomads 67,000.

5. H. C. Luke and E. Keith-Roach, *The Hand Book of Palestine and Trans-Jordan* (3rd Edition).

the indigenous Moslems are the Circassians and the Maghâribah. The former were tribesmen in the Caucasus, who elected to migrate when their provinces were conquered by the Russians in the sixties of the last century and who were settled by the Turkish authorities along the eastern borders of Syria and Palestine, retaining their own language and customs. There were 827 Circassian-speaking Moslems in Palestine at the census of 1931. Of these, 615 were found in the Sub-District of Tiberias, chiefly in the Circassian village of Kafr Kamâ, and 192 were found in the Sub-District of Safad. The Maghâribah are an old-established community of North African Moslems, and give their name to a quarter of the Old City of Jerusalem.

B JEWS

The Jewish population at the census of 1931 numbered 174,610 but this number has since increased to nearly 400,000.⁶ The great majority of the Jewish population is made up of recent immigrants and their children. The inward movement was already strong before the Great War and the Jewish population estimated at about ten thousand in the middle of the last century, had increased to about eighty thousand by 1914. Since the War the increase has been very much more rapid.

The historical association of Palestine with the Jewish religion needs no re-telling. The present Jewish population, in addition to its common religious heritage has many aspects of a political unity. The 'Va'ad Leumi or Jewish Community Council has rights of taxation over all the members of the Official Jewish Community, and this community includes some seven-eighths of all the adult Jews in Palestine. The Jewish population is being further unified by the increasing use of Hebrew as a vernacular and as a common literary medium. Nevertheless, the Jewish population, drawn as it is from many different countries, exhibits a diversity which is largely the result of the different environments influencing Jews in the various countries in which they have lived. The unifying influences of life in Palestine are tending to break down this diversity, but at the same time the juxtaposition of the many types serves to draw attention to it. The divisions of the Jewish people are expressed by membership of the various *Adot* or 'Communities'. The principal division is the division into the Ashkenazic, the Sephardic and the various oriental communities.

The Ashkenazim are European Jews who used Yiddish as their common language. The Sephardim are descended from Spanish

⁶ Official estimate at 31 XII 36 334,000

Jews who were forced to emigrate from Spain in the fifteenth and sixteenth centuries. Sephardic Jews are to be found in all countries of the eastern Mediterranean and in Northern Africa. Their language is a mixture of fifteenth-century Castilian and Hebrew known as Ladino, although many Sephardic Jews, whose families have been in Palestine for centuries, speak Arabic. Among the oriental communities the most important are the Yemenite Jews from the south-west of Arabia, Persian Jews, Bokharian Jews from Bokhara in Russian Turkestan, Babylonians from Iraq, and Kurdish Jews from the north of Iraq and from Turkey.

The membership of the various communities at the end of 1936 is estimated as follows :—7

	Numbers	Per cent.
Ashkenazic	310,000	76.7
Sephardic	37,000	9.2
Yemenite	18,000	4.4
Persian	9,000	2.2
Babylonian	5,000	1.3
Bukharian	2,000	0.5
Kurdish	5,000	1.3
Other oriental communities	18,000	4.4

All communities have grown by immigration since the Great War, but the Ashkenazim are by far the most numerous.

C. CHRISTIANS.

The total Christian population is estimated at about 107,000. The Christians are divided into a large number of sects, many of which constitute religious communities within the legal definition of the term and have rights of jurisdiction over their members in matters of personal status, marriage, divorce and succession. The numerical strength of the different groups at the time of the 1931 census was as follows :—8

Orthodox Church of Jerusalem*	39,727
Syrian Orthodox (Jacobite)*	1,042
Roman Catholic :—	
a. Latin*	18,895
b. Uniate	
i. Melkite (Greek Catholic)*	12,645

7. Estimate prepared by the Statistics Department of the Jewish Agency, Jerusalem.

8. *Census of Palestine, 1931*, Vol. II, pp. 26-28.

ii Maronite*	3,431
iii Armenian Catholic*	330
iv Syrian Catholic*	171
v Assyrian Catholic*	106
Armenian Church (Gregorian)*	3,167
Coptic Church	219
Abyssinian Church	282
Anglican Church	4,799
Presbyterian Church	170
Lutheran Church	344
Various denominations	6,070
Total	<hr/> 91,398 <hr/>

The churches marked * constitute religious communities within the legal definition of the term⁹

The largest single church is the Orthodox Church of Jerusalem, which embraces 43 per cent of the total Christian population. This church is a branch of the Eastern Orthodox Church, and has jurisdiction over all Eastern Orthodox Christians. Some of its members belong rather to the Church in Greece or to the Church in Russia, and at the census of 1931, 1,171 persons described themselves as Greek Orthodox, and 247 as Russian Church. The Orthodox Patriarch of Jerusalem is the holder of an office which was constituted in the year 451. The laity of the Orthodox Church is overwhelmingly Arab in composition. Greeks predominate among the higher orders of the clergy.

The Latin or Roman Catholic Church was officially established in Palestine in 1099, when Jerusalem was held by the Crusaders. The office of Latin Patriarch has existed ever since that time. After the defeat of the Crusaders it became a purely nominal title, and the actual administration of the Latin holy places in Palestine was in charge of the Franciscan Order under the Custodian of the Terra Santa. The patriarchate was revived *de facto* in 1847. Roman Catholics included 3,167 foreigners at the time of the 1931 census, but 15,728 persons, or the bulk of the community, were Palestinians, and the great majority of these are Arabs.

The Uniate churches are a group of Eastern churches which have, since the time of the Crusades, acknowledged the supremacy of the Pope, while preserving their own liturgies and customs. In most cases the

⁹ Drayton, *Laws of Palestine* (London 1934), Chap. 135, p. 1391.

Palestine. The parent church in Syria or Lebanon and is, the parent body, small in numbers. The Uniate church, or Greek Catholic, the Maronite, the Syrian Catholic, the Assyrian Catholic, and the Assyrian Catholic or Chaldaean. The first three groups are Arabic-speaking, while Armenians and Chaldaeans have their own liturgical languages.

The members of the Syrian Orthodox community are commonly known as Jacobites and number about one thousand. Their church was founded in the sixth century. Although the present members of the community are Arabic-speaking, Syriac is retained as the language of their ritual.

The Gregorian Armenians have a long connection with Palestine, and give their name to a quarter of the Old City of Jerusalem. The community, which was increased by immigration of Armenian refugees in the early post-war years, numbered 3,167 at the census of 1931. The Armenians are a distinct non-Arab group, and retain their own language.

The Copts and Abyssinians are representatives of African churches. Their numbers in Palestine are small and they are practically all of religious occupation, maintaining old established sites and concerned with the welfare of pilgrim members of the parent bodies in Africa.

The remaining Christians are members of Protestant European churches. The majority of the Protestants are of European citizenship but there are in all some 5,000 Palestinians who have become attached to Protestant congregations, their adherence being the outcome of the missionary work of Europeans during the nineteenth and the present centuries.

D. OTHERS.

Apart from the Moslems, the Jews and the Christians, there are some eleven thousand members of other religions in Palestine. At the census of 1931 the total of these 'Others' was 10,101, and was composed of 9,148 Drûzes, 350 Bahais, 182 Samaritans and 421 of 'no religion'. The Drûzes are found in the villages in the hills of Galilee, and on Mount Carmel. Their religion is in the main an offshoot from Islam although it contains traces of Christianity and older elements. The large body of Drûzes is to be found outside Palestine, in the Lebanon and in the Jabal al-Durûz, a district of Syria. The Bahais are an offshoot from Islam and are the descendents of a Persian group which emigrated, in consequence of persecution, about the year 1830. The Bahais at the census numbered 290, of whom 196 were in Haifa and 51 in Acre. In

these two towns are tombs of the founder of the Bahais and of his successor and these tombs have become places of pilgrimage for the more numerous body of Bahai converts outside of Palestine. The Samaritans form an interesting group of Jews who have survived since the period of Babylonian exile in the sixth century B.C. The Samaritans at the census numbered 18 persons of whom 160 were found in Nablus.

IV Urban and Rural Population

A URBAN POPULATION

The population of Palestine has probably always been predominantly rural. The scarcity of industries and the comparatively limited opportunities for trading which existed before the Great War did not favour the growth of cities and except for Jerusalem which owed its importance largely to its religious associations there was no town with as many as fifty thousand inhabitants at the time of the 1922 census. The population of the twenty-two municipalities¹⁰ and the town of Tel Aviv at that time numbered 264,000 or about 34.9 per cent of the total population. Nine years later the same towns counted a total of 387,000 inhabitants or 37.4 per cent of the total population. An estimate of the population in 1935 suggests that in that year the town population had further risen to 539,000 or 42.7 per cent of the total.¹¹ The great growth is largely due to Jewish immigration of which roughly three quarters has found its way to the towns. The growth of the urban population and the proportion of the total population to be found in the towns can be studied for each religion in Table II.

Although the doubling of the total urban population since 1922 has been due in greatest measure to the Jewish increase the Moslem and Christian town populations have also increased largely and the urban proportion in each of these two communities has increased. The Moslem population is still mainly rural the urban proportion having increased from 3.5 per cent in 1922 to 26.9 per cent in 1935. These figures are evidence of a migratory movement from the villages to the towns particularly to the three large towns of Jerusalem, Jaffa and Haifa. The Christian population is the most urban of all and the urban proportion of Christians increased from 75.4 per cent in 1922 to 78.8 per cent in 1935. In contrast to the increasing urbanization of the Arab population,

¹⁰ Acre Beersheba Bisan Bet Jala Bethlehem Gaza Haifa Hebron Jaffa Jericho Jerusalem, Khan Yunis, Lydda, Majdal, Nablus, Nazareth, Ramallah, Ramle, Safad, Shafra, Am Tibersin and Tulkarm.

¹¹ *Memoranda for Palestine Royal Commission* Mem I p. 7

TABLE II

Growth of the Urban Population and its Proportion of the Total Population, by Communities

Religion	1922 (census)	1931 (census)	1935 (estimated)
Population of 23 towns (thousands)			
All religions	264	387	539
Moslems	139	188	222
Jews	68.5	128.5	234
Christians	55	69	81.5
Others	1.5	1.5	1.5
Town population as proportion of total (per cent.)			
All religions	34.9	37.4	42.7
Moslems	23.5	24.8	26.9
Jews	81.9	73.6	73.0
Christians	75.4	75.8	78.8
Others	16.7	14.8	13.8

the Jewish rural proportion has tended to increase, and while in 1922 81.9 per cent. of all Jews were to be found in the towns, this proportion had been lowered to 73.6 per cent. in 1931, and further lowered to 73.0 per cent. in 1935. The growth of the Jewish rural population has produced several large Jewish centres, notably Petah Tiqva, Hedera, Rehovot and Rishon le Tsiyon. These centres have developed from settlements that were originally entirely agricultural, but they have now acquired commercial and industrial significance, and exhibit as many urban characteristics as the smaller Arab towns. The latest estimates of the population of the individual towns are given in Table III. The Jewish centres of Petah Tiqva, Hedera, Rehovot and Rishon le Tsiyon were not considered as towns at the census of 1931, but they have since grown to be larger than many of the smaller and older municipalities. No information is available as to populations of later date than the census in the case of the smaller towns, but it is believed that their growth has been much less than that of the four principal towns or that of the Jewish settlements.

TABLE III
Estimates of Population of Individual Towns

Town	Year of estimate	Number of people
Tel Aviv	1936	140,000
Jerusalem	1936	125,000
Haifa	1936	99,000
Jaffa	1936	71,000
Hebron	1931	17,531
Nablus	1931	17,183
Gaza	1931	17,046
Petah Tiqva	1931	15,000
Lydda	1936	11,250
Ramle	1931	10,421
Safad	1931	9,441
Nazareth	1931	8,756
Tiberias	1931	8,601
Acre	1931	7,897
Rehovot	1931	6,927
Bethlehem	1936	6,815
Majdal	1931	6,226
Rishon le Tsiyon	1931	5,461
Tulkarm	1936	4,827
Hedera	1931	4,592
Ramallah	1931	4,287
Khân Yûnis	1931	3,811
Beisan	1931	3,101
Beersheba	1931	2,959
Shafâ 'Amr	1931	2,824
Beit Jâlâ	1931	2,730
Jenin	1931	2,706

B. RURAL POPULATION.

The settled rural population lives in villages, the isolated farms of the New World being almost unknown. The Arab village block is a dense built-on area, houses being built of stone in the hills and of red bricks in the plain. There is little cultivated land in the village but the inhabitants going to work in the fields, a distance that may be as great as several kilometres. The village site is usually a high part of ground, chosen probably for reasons of defence, and the height tends to increase with time owing to the accumulation of refuse. The size

of ancient and abandoned villages are easily distinguishable in flat country, because of the mound or *tel* which they gradually built up during the period of their habitation.

The Jewish settlements present a different appearance. In the communal settlements, where the land, the livestock and the agricultural implements are held by the settlement as a whole, the members of the settlement have their living quarters in large central buildings. In the settlements of individual farmers it is usual to have each house set in a piece of cultivated ground.

The nomadic population are tent-dwellers, many of whom migrate seasonally in search of employment or of pasture for their animals.

The number of rural inhabitants of each of the main geographical regions, at the census of 1922 and again at the census of 1931, is shown in the following table. The most populous rural region is that of the central range, followed by the Coastal Plain. The increase in the intercensal period was greatest on the Maritime Plain, and there has been a further large increase in recent years. Hûla basin had a large area in Palestine at the later census date, owing to the cession of land by Syria. The Beersheba figures for 1922 are not thought to be reliable.

TABLE IV
Rural Population According to Geographical Regions

Region	Rural population	
	1922	1931
1. Maritime Plain	116,889	189,109
2. Acre Plain	8,805	10,508
3. Esdraelon	7,992	9,798
Jezreel	580	2,465
4. Judean Hills	202,381	266,052
Wilderness	11,483	10,683
5. Galilee Hills	60,049	79,946
6. Jordan Valley	8,329	11,678
Hûla Basin	3,306	14,023
7. Beersheba	72,898	48,123
All Palestine	492,712	642,385

V. Post-War Growth of Population

In 1920 the population of Palestine was officially estimated to be 673,000 persons,¹² this total being made up of 521,000 Moslems, 67,000

12. *Census of Palestine, 1922*, p. 3.

Jews 78 000 Christians and 7 000 others. The census of October 23rd, 1927 gave a population of 757 000 and that of 1931 gave a total population of 1 036 000. The official estimate at 30th June, 1936, was 1,337 000, the religious composition being as shown in Table V

TABLE V
Post War Growth of Population by Communities

Religion	Census ¹³ 23 10 22	Census 18 11 31	Estimate ¹³ 30 6-36
All religions	752 048	1 035 821	1,336 518
Moslems	589 177	759 712	848 342
Jews	83 790	174 610	370 483
Christians	71 464	91,398	106 474
Others	7 617	10 101	11 219

Over the whole post war period the Moslem population has steadily increased at a rate of about 2.6 per cent per year. At this rate of increase a population would double itself in about 27 years. The Moslem population reached 848,342 in 1936, representing nearly 64 per cent of the total population.

The Jewish population at the census of 1922 numbered 83,790, or 11 per cent of the total population at that date. The Jewish population rose rapidly to 149,540 at the middle of 1926, remained practically stationary until 1928, emigration nullifying the effect of natural increase, and then rose steadily to 174,610 at the census of 1931. The number of Jews more than doubled in the nine years, the gain being equivalent to a steady increase of 8.4 per cent per year. In the period from the census of 1931 to 30th June 1936 the Jewish population again doubled, an average rate of increase of 19.7 per cent per year. In mid 1936 it reached the figure of 370,483, or 27.7 per cent of the total population.

The Christian population has increased steadily from 1922 to 1936 at an average rate of 3 per cent per year. At this rate a population would double itself in 24 years.

The official series of population estimates for each year since 1922 will be found in Appendix I, A.

¹³ Not including members of His Majesty's Forces.

VI. Vital Statistics

The remarkable growth of the population in the years since the Great War is the result of two factors, the excess of births over deaths, and the increase by migration. The former factor, the natural increase, is numerically the more important of the two, and it is estimated that, of the increase of 584,000 from the census of 1922 up to the middle of 1936, 315,000 was due to natural increase.¹⁴

A system of birth and death registration was instituted soon after the British Occupation, and statistics are available for all years subsequent to 1921. Table VI gives a summary of the crude birth rates and crude death rates, and Table VII shows the infant mortality rates, among Moslems, Jews, Christians and others in the post-war period.

TABLE VI

Annual Rate of Births and Deaths per Thousand of Settled Population, by Religions, 1922-1936¹⁵

Year	Birth Rate				
	All religions	Moslems	Jews	Christians	Others
1922-1925 average	46.34	50.09	34.81	36.37	49.36 ^a
1926-1930 average	48.58	53.45	34.29	38.55	46.17
1931-1935 average	44.66	50.24	30.33	35.84	44.92
1934	41.59	46.56	30.21	33.55	41.78
1935	45.16	52.54	30.80	35.61	42.86
1936	44.89	53.14	29.74	36.34	50.98

Year	Death Rate				
	All religions	Moslems	Jews	Christians	Others
1922-1925 average	23.73	26.83	13.62	16.13	22.10 ^a
1926-1930 average	24.34	28.31	11.66	17.91	25.06
1931-1935 average	20.98	25.34	9.32	15.04	21.48
1934	21.84	26.68	9.53	16.25	30.89
1935	18.63	23.46	8.58	13.99	21.02
1936	16.10	19.97	8.82	12.63	20.05

a. Average 1923-1925.

The birth rates are all considerably higher than those prevailing in European countries, and indeed the Moslem rate is without equal among published birth rates of the present day. The preponderance of Moslems

14. *Memoranda for Palestine Royal Commission*, Mem. I, p. 2.

15. Palestine, Office of Statistics, *General Monthly Bulletin of Current Statistics of Palestine* (Jerusalem), Jan., 1937, p. 4.

TABLE VII

Infant Mortality Deaths of Infants under One Year of Age
per Thousand Live Births, by Religions, 1922-1936

Year	All religions	Moslems	Jews	Christians	Others
1922 1925 average	178.70	190.39	122.90	144.35	115.92 ^a
1926 1930 average	178.09	193.46	95.83	158.56	146.73
1931 1935 average	151.35	166.41	77.99	136.28	161.05
1934	157.58	175.15	78.13	152.39	202.67
1935	131.48	148.10	64.15	125.81	177.72
1936	121.54	136.15	68.70	113.72	131.12

^a Average 1923 1925

is sufficient to establish a very high birth rate for Palestine as a whole, and Palestine stands at the head of all high birth rate countries, the only countries publishing similar rates being Egypt and some small Central American republics. The Jewish birth rate is considerably lower than the Moslem one and has shown a tendency to fall in recent years. It is not possible to give any very definite explanation of this fall, but it is probably true that the oriental Jews have a higher birth rate than the occidental Jews and that the increased proportion of westerners, which the post war immigration has produced has itself tended to lower the Jewish birth rate. Even so the Jewish birth rate over the five years 1931-1935 averaging 29.74 per thousand was higher than that of any European country except Roumania.

The crude death rate for the population as a whole has shown a marked decline in the last ten years. It is important to consider the different communities separately. The lowering of the general death rate is due more to the increased proportion of Jews, with their consistently lower death rate, than to the actual intra-community declines. The Jewish death rate is remarkably low and is explained by the fact that a large proportion of the Jewish population is made up of immigrants in that period of life when the risk of dying is at its lowest. An old established population, such as the Moslem one, inevitably has a higher proportion of young children and old persons, and the greater frequency of deaths at these ages tends to raise the crude death rate.

There is a remarkable difference in the infant mortality rates among the different communities. The Moslem rate has been reduced from the high figure of 190 per thousand live births, in the four years 1922-1925 (inclusive), to the still high figure of 166 per thousand, in the quinquen-

nium 1931-1935. This rate is comparable with rates prevailing in western European countries towards the end of the nineteenth century. The Jewish rate has shown a decline from 123 per thousand to 78 per thousand over the same period, and is now lower than in most of the countries of Europe.

VII. Immigration

A. VOLUME AND CHARACTER OF IMMIGRATION.

The most striking feature of the post-war development of the population of Palestine has been its great growth by immigration. The inward movement was already heavy in the years immediately following 1918, its volume being made up very largely of returning emigrants who had left Palestine for Egypt, Syria or Turkey during the disturbed war period. By the year 1922 this phase of the movement was no longer important, and the immigration was that of new residents, brought in under conditions which have more and more assumed the character of a planned and regulated system.

The estimated net increase by migration, in the period from the census of 1922 to the middle of 1936, was 260,000.¹⁶ This increase, regarded absolutely, is a large one and ranks high among the immigrations of the post-war world. But considered in relation to the previous population, and to the size of the country, the Palestine figures become more striking, and are without any parallel in recent years. The total population of the country increased by thirty-five per cent. during the fourteen-year period, by migration alone.

The composition of this great immigration is overwhelmingly Jewish. Out of the above total of 260,000, it is estimated that 237,000 were Jews, 10,000 were Christians, and the remaining 13,000 were Moslems and others. The Christian increase is accounted for by the increase of Europeans engaged in government, consular and missionary, and—to a small extent—commercial work, and by an influx of Armenians and Lebanese into the fields of commerce and industry.

The Moslem immigration is drawn chiefly from Trans-Jordan, Syria, Egypt and Sudan. Movements to and from Trans-Jordan have not been recorded, and hence there is a lack of precision about the estimate of Moslem immigration. The movement between Palestine and Trans-Jordan, and between Palestine and Syria via Trans-Jordan, is largely seasonal, and the migrants are mostly unskilled labourers.

16. *Memoranda for Palestine Royal Commission*, Mem. I, p. 2.

B CAUSES OF IMMIGRATION

The usual basis for great migration movements in modern times has been a marked difference of opportunity between the country of emigration and the country of immigration, the new country offering greater scope for economic advancement than the old. The attraction normally brings as immigrants young men and women who are setting out in life rather than persons who are already established in their calling in the old country. The emigrant who succeeds in the new country maintains a connection with the old and may contribute to the support of relatives there. At a later stage he may return to his native land, or he may endeavour to bring out other members of his family, who are dependent on him to the new country. In this latter event the migration is of a permanent nature and the migrants adopt the new country, in fact even if not in spirit as their homeland.

The Jewish immigration to Palestine exhibits many features of this type of migration. It is probable that the great majority of the immigrants since the War have been able to enjoy a higher economic standard than they did in their country of origin. The stream of Jewish migration which flowed before the War from Eastern Europe to Western Europe—and still more strongly to America—has been obstructed and diverted by the restrictive measures of the post war years, and the greatest part of the Palestine immigration may be regarded as a continuation of that earlier flow.

The established citizen of the emigrant countries is not prone to emigrate unless conditions arise which threaten his security and his livelihood. In recent years large numbers of Jews have migrated to Palestine because changed political conditions in Europe have seriously threatened their erstwhile means of livelihood, and their political and even personal liberties. Such migrations to escape persecution are numerous in history and are usually remarkable, not for their numerical greatness but for the superior quality of the human material involved, and the benefits which the refugees from persecution have brought to their country of adoption. However the process of adaptation of the refugee migrant to his new country may not be an easy one. In the case of Palestine so large a number of commercial and professional people have entered the country that the level of remuneration and the standard of living in certain callings have been threatened. As an instance, the number of immigrants whose previous occupation was that of physician, surgeon or dentist, in the years 1932-1935, was nearly twice as great as

the total number of persons engaged in those professions at the time of the 1931 census,¹⁷ and in consequence, it has been found necessary to restrict the right of immigrant doctors to practise, compelling many of them to seek other occupations.

The attraction which Palestine exerts on the minds of Jewish people because of the historical association of the land with their race and their religion is a powerful, if imponderable element making for Jewish migration. The urge to renew the traditional associations of land and people has always been strong among large sections of world Jewry, and has prompted various movements in the past. The Zionist movement, the activity of which led to the Balfour Declaration of 1917 in favour of the establishing of a "national home for the Jewish people in Palestine", strikes sympathetic chords in the hearts of great numbers of Jews outside Palestine. Their response is a strengthening of the tendency to regard Palestine, rather than the land of their birth, as their homeland, and a desire to build up the national home in Palestine, either by their own efforts as immigrants or by contributing to the funds of the various organizations which are engaged in the same task. This nationalistic or idealistic element must be recognized, along with the superior economic opportunities of Palestine, and the political pressure on Jews in other countries, as one of the causes of the immigration movement. These three features, which have been called causes, are not independent of each other, and it is difficult to say which is predominant. It may be held that the third cause, which is embodied in the idea of the national home, has had the effect of directing the migration arising from the other two causes towards Palestine. In any event, the general view is held that immigration can only be really healthy so long as the economic cause is a reality, and so long as Palestine can actually offer the immigrant better opportunities and a higher standard of life than his country of previous residence.

C. CATEGORIES OF IMMIGRANTS.

Immigration is subject to control by the Palestine Government, the principle of administration being to regulate the volume of immigration in such a way as not to exceed the absorptive capacity of the country, the considerations relevant to this conception being purely economic. Legal immigrants, that is to say persons who qualify to remain in Palestine indefinitely, fall into one of a number of categories. A complete list of the present categories is given in Table VIII.

17. Palestine, Department of Migration, *Annual Report*, 1935, p. 72.

In most cases if the head of a family qualifies as an immigrant he is allowed to bring with him the dependent members of the family. Capitalist immigrants in Category A(i), are not subject to quantitative limitation. Labour immigrants, in Category C, are subject to a quota, which is fixed half yearly, regard being paid to the general economic conditions and the state of the labour market at the time.

In addition to those persons who are admitted to Palestine as declared immigrants there are numbers of persons who enter the country as travellers and who desiring to take up permanent residence and being qualified under the immigration law to do so, are later registered as immigrants.

TABLE VIII
Categories of Immigrants

Number of category	Description
A (i)	Persons with £P 1 000 and upwards
A (i)	Members of liberal professions with a capital of not less than £P 500
A (ii)	Skilled artisans with not less than £P 250
A (iv)	Persons of minimum income of £P 4 per month
A (v)	Persons with a capital of not less than £P 500
B (i)	Orphans coming to institutions
B (ii)	Persons of religious occupation
B (iii)	Students whose maintenance is assured
C	Persons coming to employment
D	Dependents on residents of Palestine
K	Persons exempted from the provisions of the Immigration Ordinance

Dependents on persons in categories A(i), A(ii), A(iii), A(v), B(ii) and C

The distribution of the immigrants of the past five years among the various categories is shown in Table IX.

The most remarkable feature about this distribution is the high proportion of capitalist immigrants among Jews. This category accounted for 10.57 per cent of the total Jewish immigration, or, if dependents on capitalists are included, for over twenty per cent. This feature is itself sufficient to mark the recent Jewish immigration as unusual among mass migration movements. Among non Jewish immigrants, the number of whom—though only a small fraction of the Jewish immigra-

TABLE IX

Total Immigration, by Categories, in the Years
1932-1936 (inclusive)

Category	Number of immigrants			Proportion per cent.	
	Total	Jews	Non-Jews	Jews	Non-Jews
A (i)	18,626	18,380	246	10.57	2.62
Dep. on A (i)	17,256	17,119	137	9.85	1.46
A (ii)	16	13	3	0.01	0.03
Dep. on A (ii)	12	12	—	0.01	—
A (iii)	1,059	1,048	11	0.60	0.12
Dep. on A (iii)	1,703	1,695	8	0.98	0.09
A (iv)	590	493	97	0.28	1.03
A (v)	88	82	6	0.05	0.06
Dep. on A (v)	102	94	8	0.05	0.09
B (i)	27	4	23	0.00	0.25
B (ii)	2,635	1,273	1,362	0.73	14.48
Dep. on B (ii)	2,876	2,855	21	1.64	0.22
B (iii)	6,602	6,008	594	3.46	6.32
C	47,549	45,952	1,597	26.44	16.94
Dep. on C.	38,292	37,950	342	21.83	3.64
D	39,841	37,057	2,784	21.32	29.60
K	1,953	24	1,929	0.01	20.51
A (I) A ^a	2,110	1,977	133	1.14	1.41
Dep. on A (I) A	1,890	1,784	106	1.03	1.13
Total	183,227	173,820	9,407	100.00	100.00

a. Persons who, though not qualified for inclusion in one of the foregoing categories were permitted to remain in the country permanently, by the Order of the High Commissioner of 14th July, 1931, and under a regulation of 14th September, 1932."

tion—is by no means negligible, the proportion of capitalists over the same period was only 2.62 per cent., or, including their dependents, just over 4 per cent.

The proportion of capitalist immigrants has risen in recent years, and has a close connection with the increase of immigration from Germany. The capitalist character of the German immigration is indicated by the fact that in 1935 and 1936 respectively, 1,421 and 1,551 German-Jewish immigrants entered Palestine in this category, representing, respectively, proportions of 17.56 per cent., and 18.96 per cent. of the total German immigration. In fact, more than half of the total capitalist immigration came from Germany in the latter year. Immigrants in the capitalist category are not necessarily of commercial occupation, and indeed, of the large number of professional men who have entered

Palestine in the last few years the overwhelming majority has been admitted under the capitalist category A(1)

The largest single category of immigrants is Category C, 'Persons coming to employment'. These immigrants are admitted under the periodical quota or Labour Schedule announced by the Government. The Government distributes a number of immigration certificates to the Jewish Agency thus allowing the individual to be selected by the Jewish authorities, the Jewish Agency office in Palestine collaborating with Jewish migration offices in the various emigrant countries. Labour immigrants accounted for 26.44 per cent of the total Jewish immigration of the five years 1932-1936 or if dependents are included for 48.15 per cent.

The other large category of immigration is that of dependents on residents of Palestine, the proportion for the years 1932-1936 being 21.32 per cent. These immigrants have been increasing in numbers in recent years as the earlier young immigrants have become established and have been able to send for dependent members of their families.

D. COURSE OF IMMIGRATION AND COUNTRIES OF PREVIOUS ABODE

The course of immigration since the War has been marked by two distinct peak periods, the first in 1925 when 33,801 approved Jewish

TABLE V
Total Immigration and Emigration 1920-1936 (inclusive)

Year	Recorded Immigration		Recorded emigration	
	Jews	Non Jews	Jews	Non Jews
1920 (Sept. Dec)	5,514	202	a	a
1921	9,149	190	a	a
1922	7,844	281	1,451	1,348
1923	7,421	570	3,466	1,481
1924	12,856	697	507 ^b	604 ^b
1925	33,801	840	2,151	1,949
1926	13,081	879	7,365	2,064
1927	2,713	882	5,071	1,907
1928	2,178	908	2,168	954
1929	5,749	1,317	1,746	1,089
1930	4,044	1,489	1,679	1,324
1931	4,075	1,458	666	680
1932	9,553	1,736	a	a
1933	30,527	1,650	a	a
1934	47,359	1,784	a	a
1935	61,854	2,293	396	387
1936	29,727	1,944	773	405

a. No statistics of emigration by race were compiled.

b. July to December

immigrants arrived in the country, and the second in 1935, when the corresponding number was 61,854. The large immigration of 1925 was followed by a period of much lower figures, and in 1927 there was actually an excess of Jewish emigrants over Jewish immigrants amounting to 2,358. Table X gives the figures of immigration, and of emigration, as far as they are available from Government records, for all years since 1920.

The immigrant stream has come in its largest part from Eastern Europe. Poland has consistently headed the list of the emigrant countries and holds first place as a source of the post-war Palestine immigration. It has supplied nearly 43 per cent. of the total. U.S.S.R. holds the second place with 10.50 per cent., though in the past few years the rate of immigration from this country has fallen off, while such other countries as Germany and Roumania have become more prominent. It is possible to give figures of the total recorded Jewish immigration into Palestine from the year 1919 to the year 1936, using for the earlier years the Jewish Agency records¹⁸, which at that time were more complete than the

TABLE XI
Jewish Immigrants, by Citizenship, 1919-1936 (inclusive)

Country of citizenship	Number of immigrants	Proportion per cent.
1. Poland	124,010	42.80
2. U.S.S.R.	30,429	10.50
3. Germany	28,629	9.89
4. Roumania	14,754	5.10
5. Lithuania	9,305	3.22
6. Yemen & Aden	8,529	2.95
7. U.S.A.	7,674	2.65
8. Greece	6,516	2.25
9. Iraq	6,122	2.11
10. Latvia	4,564	1.57
11. Turkey	4,016	1.39
12. Czecho-Slovakia	3,748	1.29
13. Austria	3,690	1.27
14. Persia	3,047	1.05
Others and undefined	34,583	11.96
Total	289,616	100.00

18. D. Gurevitch, Statistics Department of the Jewish Agency, *Fifteen Years of Jewish Immigration* (Jerusalem, 1935).

Government ones The immigrants are divided according to citizenship

The Asiatic countries are well represented Yemen, Aden, Iraq, Turkey and Persia each having contributed some thousands to the total

Government records of immigrants both Jews and non-Jews classified by country of previous abode are given in Appendix I B A brief summary may be given here which will show the change in emphasis that has taken place in the past four years as compared with the previous seven The average annual immigration in the years 1926-1932 (inclusive) was 7 201 and in the four years 1933-1936 (inclusive), it rose to 42 985 The average annual numbers of immigrants from the principal countries and the proportion which each country contributed to the total were as shown in Table XII

TABLE XII

Average Annual Numbers of Immigrants from the Principal Countries and the Proportion Contributed by Each

Country of previous abode	Average annual number of immigrants		Proportion per cent	
	1926-1932	1933-1936	1926-1932	1933-1936
Poland	2 568	17 652	35 65	41 10
Germany	281	7 409	3 90	17 20
Roumania	365	2 202	5 07	5 13
Yemen	345	1 365	4 80	3 17
U.S.A.	383	1 178	5 32	2 74
Lithuania	204	1 288	2 83	3 00
Greece	117	1 388	1 63	3 23
U.S.S.R.	525	616	7 29	1 43
Gr. Britain	340	723	4 72	1 68
Syria and Lebanon	322	557	4 48	1 30
Iraq	297	520	4 13	1 21
Egypt	279	504	3 88	1 17
Austria	89	817	1 24	1 90
Czecho-Slovakia	59	862	0 81	2 01
Turkey	175	611	2 43	1 42
Others and unspecified	852	5 293	11 82	12 31
All countries	7 201	42 985	100 00	100 00

From nearly all countries the annual immigration figures for the past four years have been higher than in the preceding seven There have been striking changes in the proportions The immigrants from the

U.S.S.R., who formed 7.29 per cent. of the total of all immigrants in the earlier period, and who represent 10.5 per cent. of all the Jewish immigrants since the War, formed only 1.43 per cent. of the total in the years 1933-1936. Although immigration from the Asiatic countries increased numerically in the later period, its relative importance declined.

E. CHARACTER OF IMMIGRANTS AS TO SEX AND AGE.

A customary feature of migration movements, at least in their early stages, is the high proportion of male adults among the migrant population. The Jewish immigration in the early post-war years showed this feature, and the result is reflected in the ages of the Jewish population revealed by the census of 1931. Nevertheless, the preponderance of males never reached the proportions which it did in the case of migration to the Americas or to Australia. In the course of migration to these countries the male population frequently exceeded the female population by as much as ten per cent., but at the census of 1931, the male preponderance among Jews in Palestine was a little less than two per cent. The older-established populations of Europe show, almost without exception, a female majority. In the more recent years there has been an increase in dependent immigration, and the immigrants of 1935 and 1936 show, in each case, a majority of females, the male numbers being only 89 per cent. of the female in 1935, and 88 per cent. of the female in 1936.¹⁹

The dependents of various categories have formed an increasing proportion of the total immigration. In 1927, 50.9 per cent. of all Jewish immigrants arriving were dependents. In 1935 the proportion reached 61.1 per cent. The proportion of dependents is distinctly lower among European Jews than it is among the Jews from Asiatic countries. The western immigrants are made up of large numbers of young people, either unattached or in groups, and bringing no children. In the more recent years there has been an increasing tendency for immigrants already established in Palestine to arrange for the immigration of parents or of other relatives dependent on them, and the number of such 'dependents on residents' entering Palestine grew from 1,541 in 1932, to 17,629 in 1935. The oriental Jews tend rather to migrate as family units, and it is common experience that the number of children in their families is larger than the number in European families.

19. Figures taken from Department of Migration, *Annual Reports* :

	Jewish males	females
1935	29,104	32,750
1936	13,942	15,785

F ILLEGAL IMMIGRATION

The annual accession to the *de jure* population through migration is the excess of legal immigrants over emigrants. However, it is not found practicable to use this method of arriving at an increase by migration, chiefly because of the indefiniteness of the term 'emigrant'. Figures of emigrants published for the years 1935 and 1936 are figures of 'residents departing for a period of more than one year'. In practice population estimates are on a *de facto* basis the annual increase by migration being the *de facto* excess of recorded arrivals over recorded departures. In addition to the recorded movement there is a certain amount of unrecorded movement across the borders of and from Syria and Trans-Jordan on the part of Arabs and in recent years there is believed to have been considerable unrecorded illegal immigration of Jews, both from the sea and across the Syrian frontier. No reliable estimate of the volume of such immigration will be available until the next census is taken, and such a census can only give accurate results if the illegal immigrants are enabled to regularize their status in the country thus allaying the fear that discovery during the census operation would lead to their prosecution and possible deportation.

Estimates of the Jewish population made by the Jewish Agency for Palestine claim to allow for the unrecorded illegal Jewish immigration, and also to include Jewish residents of Palestine who are abroad. The Jewish Agency estimate is therefore higher than the official estimate. At the end of December 1936 the former estimate of the Jewish population of Palestine was 404,000 while the official estimate was 384,000, a difference of 20,000.

In addition to the unrecorded immigration there is a further illegal immigration which is composed of persons who enter the country as travellers and who overstay the period allowed them, disappearing into Palestine beyond the knowledge of the immigration authorities. This evasion of the immigration laws is illustrated by the following figures of travellers who remained illegally in Palestine in the years 1934, 1935, and 1936 (see Table VIII). In 1934 and 1935 more than ten per cent of all Jewish travellers entering Palestine remained illegally in the country. The proportion in 1933 had been even higher.

In order to reduce the numbers of these illegal immigrants, it was made compulsory for certain classes of travellers, to make a deposit at the offices in which visas for Palestine were granted, the deposit to be forfeit if the traveller did not leave Palestine before the prescribed date.

TABLE XIII

Travellers Remaining Illegally in Palestine during the years
1934, 1935, and 1936

Year	Jews or non-Jews	Number of travellers remaining illegally	Proportion per cent. of all travellers
1934	Total	5,929	6.5
	Jews	2,907	11.0
	Non-Jews	3,022	4.6
1935	Total	7,874	7.4
	Jews	4,618	12.8
	Non-Jews	3,256	4.6
1936	Total	1,156	2.3
	Jews	(-)132	—
	Non-Jews	1,288	3.7

As a result of this and other measures, the year 1936 saw, among Jews, a reduction in the number of persons in Palestine who had outstayed their legal sojourn as tourists.

The fact that any legal immigrant may, as a rule, bring his wife into Palestine legally, in the category of dependent, and that a female traveller who marries a Palestinian while in Palestine thereby acquires Palestinian citizenship, seems to have led to a number of marriages, contracted solely for the purpose of admitting female immigrants, these marriages being dissolved subsequently in Palestine. This feature will serve to explain the very high divorce rate, amounting in 1936 to 509 per thousand marriages, which prevails among Jews in Palestine.

VIII. Emigration

Statistics of emigration are difficult to obtain with any high degree of precision because of the difficulty of exact definition. All residents leaving Palestine are in a sense emigrants, but the usual connotation of the word implies a prolonged, and even permanent absence from the country. The present method of ascertaining emigration is to divide all residents leaving Palestine into two groups, those who are leaving for a period exceeding one year, and those who are to return within a year. The former group is tabled as 'residents departing permanently'. In

some years no attempt was made to separate out those persons departing who could be classed as emigrants, but such records as exist have been given in the previous section 20

Before the Great War there was a considerable emigration from Palestine to Egypt and to North and South America. This movement was parallel to the Syrian emigration movement, although the scale was much smaller. The emigration to America was predominantly that of Christian Arabs and particularly of Christian Arabs from the hill districts of Bethlehem and Ramallah. During the War there was a great exodus from Palestine to Egypt and Syria, the greatest part of which was made up of Jews. The war time emigrants had in the main returned by the time of the 1922 census. At that census an attempt was made to ascertain the number of persons of Palestinian nationality abroad, by asking each family for the particulars of its absent members.²¹ The return can have been only approximately accurate. It is given in condensed form in Table XIV.

TABLE XIV

Persons of Palestinian Nationality, Living Abroad,
3rd October, 1922

Country	Moslems		Jews		Christians	
	Males	Females	Males	Females	Males	Females
Australia	—	—	67	46	19	13
Algiers	1	—	77	66	—	—
Egypt	362	252	430	326	152	90
France	2	—	64	41	22	12
Germany	2	—	108	82	38	26
Morocco	1	—	165	115	4	—
Poland	—	—	418	207	—	—
Russia	1	—	490	381	4	—
Syria	460	271	87	76	86	36
Trans-Jordan	1 046	717	1	—	61	34
South and Central America	348	5	119	61	5 250	3 267
Turkey	58	17	35	23	12	5
U.K.	1	—	74	43	3	3
U.S.A.	412	14	974	670	1 067	285
Others and unknown	67	17	574	444	132	86
Total	2 761	1,293	3 683	2 581	6 850	3 857

²⁰ See Table X.

²¹ *Census of Palestine 1922* p. 58.

In regarding this table as a measure of emigration, one must remember that many of the absentees were away on short business or holiday trips, and on the other hand, that many emigrants may have had no family left in Palestine to advertise their existence. Also, at the time of the census, some of the Jewish emigrants may still have had the character of war-time refugees, awaiting a suitable opportunity for repatriation.

In the post-war years Jewish emigration has been chiefly that of immigrants who have failed to find the country sufficiently attractive, or who have been recalled for any reason to their old homes. In the peak year of Jewish emigration, 1926, out of the total of 7,365 Jewish emigrants, 6,952 had settled in the country since June, 1920, and only 413 were residents of longer standing. Again in 1936, out of 773 Jewish emigrants, only 79 had been born in Palestine.

Non-Jewish emigration has been partly that of Europeans, who are being replaced in their work in Government, missionary and consular service or as commercial representatives. Outward Arab migration continued in the period before the World Depression, but in the most recent years it has fallen to a low level. In 1935 and 1936 the total emigration of Arabs was 196 and 197 respectively. The Palestinian Arabs among these numbered respectively 162 and 87. The total Arab emigration to the Americas numbered 137 in 1935, and 89 in 1936.²²

IX. Occupational Distribution

The great majority of the people of Palestine lives in the rural areas, and it is only to be expected that agricultural and pastoral occupations should predominate. At the census of 1931 it was found that 507 persons per thousand were dependent on agriculture for their livelihood. The agricultural proportion varies strikingly among the different communities. The Moslem population counted 637 per thousand dependent on agriculture, while the Jews counted only 151 per thousand, and the Christians 177 per thousand. The majority of persons engaged in agriculture are cereal farmers, but there is an increasing tendency to cultivate fruit and vegetables for the supply of the urban markets, whether as a subsidiary to cereal farming, or as a speciality. Orange growing for export has reached a very important position.

22. Figures taken from Department of Migration, *Annual Reports*, 1935 and 1936.

Table XV showing the number of earners engaged in the principal agricultural occupations at the time of the census, is instructive. It must be remembered that the number of Jews has greatly increased since that time and that the increase has been greatest in orange growing.

TABLE XV

Number of Earners Engaged in the Principal Agricultural Occupations in 1931²³

Occupation	All religions	Moslems	Jews	Christians	Others
Ordinary cultivators	70 526	63 190	3 669	2 376	1 291
Orange growers	3 810	2 000	1 621	186	3
Growers of special products	12 200	7 430	3 754	812	204
fruit vegetables etc	32 539	29 077	2 582	512	368
Farm servants etc					
Total	119 075	101 697	11 626	3 886	1 866

These figures reveal the paramount importance of cereal farming among the Moslem community, and the greater tendency of the Jews to engage exclusively in the growing of special products, fruit, flowers, vegetables etc. The Moslem cereal farmer however, frequently grows special products as a subsidiary. Out of 63 190 Moslem cultivators, 9 993 returned fruit, flower, and vegetable-growing as a subsidiary occupation at the time of the census and it is evident that the cultivation of vegetables and fruit has greatly increased in the succeeding years. The great increase in the Jewish population since 1931 has not materially altered the proportion of Jews dependent on agriculture, and it is estimated that the total Jewish agricultural population numbered about 50,000 at the middle of 1936²⁴. Jewish agricultural development has been in the direction of intensive cultivation and in orange growing rather than in cereal farming.

The second most populous branch of activity is commerce, which, including trade and transport, supported 152 persons per thousand in 1931. The proportion does not vary greatly between communities. It is highest among Jews, of whom 219 per thousand are dependent on commerce, and lowest among Moslems, where 132 persons per thousand are

²³ *Memoranda for the Palestine Royal Commission* Mem. I p 19

²⁴ *Ibid.*, p 16

so dependent. Both European Jews and inhabitants of Levant countries have a traditional aptitude for trade, although in this respect Palestine has been in the past less prominent than the neighbouring country of Syria.

In industrial occupations there is a great contrast between the different communities. At the census of 1931 the Jews showed the highest proportion dependent on industry, namely, 289 persons per thousand. The figure for Christians was 252 per thousand and for Moslems only 97 per thousand. Indeed, there were numerically more Jews than Moslems engaged in industry. Industry is still in its infancy in Palestine and many of the earners are engaged in very small handicraft enterprises.

A brief analysis of the earners engaged in industry at the time of the census of 1931 is given in Table XVI. Building is the most prominent branch of industry, and since 1931 has become even more important, the building of dwellings for the immigrant arrivals having caused a great expansion of building.

TABLE XVI

Number of Earners in Various Branches of Industry in 1931²⁵

Branch	All religions	Moslems	Jews	Christians
Textiles	1,838	1,175	591	63
Wood	4,535	1,775	1,888	852
Metals	3,073	1,443	978	639
Food	5,276	3,075	1,719	475
Dress and toilet	11,144	3,710	5,488	1,895
Building	12,064	5,318	5,111	1,565
Other branches	6,434	1,787	3,460	1,157
Total	44,364	18,283	19,235	6,646

The number of persons dependent on the liberal professions varied from 100 per thousand in the case of Jews to 15 per thousand in the case of Moslems. The proportion among Christians is 84 per thousand, this figure being raised by the inclusion of the many Government and consular officials who form a large proportion of the foreign resident community. The very high proportion of professional people among the Jews reflects the superior quality of the human material of the immigration. Indeed,

25. Compiled from *Census of Palestine, 1931*, Vol. II, Table XVI I(a).

the Jewish community is in some respects over provided with professional people while the Moslem community has a proportion undoubtedly far below the figures of any modern advanced state

The distribution of the settled population among the various classes of occupations is given in Tables XVII and XVIII

TABLE XVII

Settled Population Supported by Various Occupations²⁶

Occupation	Persons Supported			
	All religions	Moslems	Jews	Christians
Agriculture	491 753	441 621	26 339	16 176
Industry	141 611	67 548	50 441	23 043
Commerce	147 217	91 415	38 294	17 007
Professions	35 481	10 140	17 490	7 681
Others	153 206	87 435	47 046	27 491
Total	969,268	693 159	174 610	91,398

TABLE XVIII

Proportion per Thousand of Settled Population Supported by Various Occupations

Occupation	Proportion per Thousand Supported			
	All religions	Moslems	Jews	Christians
Agriculture	507	637	151	177
Industry	146	97	289	252
Commerce	152	132	219	186
Professions	37	15	100	84
Others	158	119	241	301
Total	1 000	1 000	1 000	1 000

The participation of women in gainful occupations is on a smaller scale in Palestine than in European countries. In the case of Moslems, particularly the proportion of females among the earners is very low, being less than four per cent in industry trade and transport, and 17.5 per cent in the case of professions. Even in domestic service the proportion of women earners is only 39.2 per cent. The Jewish proportions are higher while the Christian community stands mid way between the

Jewish and the Moslem in this respect. The proportions as at the census of 1931, are shown in Table XIX.

TABLE XIX

Proportion of Female Earners to Earners of Both Sexes in Various Occupational Groups²⁷
(Per cent.)

Occupational group	Moslems	Jews	Christians	Others
Agriculture and raw materials	7.2	19.0	12.3	8.1
Industry, trade and transport	3.9	16.4	10.4	24.7
Professions	17.5	34.2	32.2	49.4
Domestic service	39.2	82.9	59.5	68.1

The traditional occupation of the nomadic population is pastoral, and the migrations of the nomad tribes are primarily in search of better pasture for their flocks and herds. Nevertheless, the bulk of the nomads of Palestine are engaged in agriculture. The nomadic Bedouins numbered 66,553 at the census of 1931, and they were distributed among various occupations as shown in Table XX.

TABLE XX

Occupational Distribution of the Nomadic Population²⁸

Occupation	Earners	Depen- dents	Total
Ordinary cultivation	11,506	36,339	47,845
Farm service and field labour	1,749	5,240	6,989
Herdsmen, shepherds, goatherds	3,962	1,888	5,850
Labourers and workmen not otherwise defined	1,580	4,289	5,869
Total	18,797	47,756	66,553

The greatest number of Bedouins is to be found in the Beersheba Sub-District, but every year there is a migration to the more fertile northern parts of Palestine, where, in many cases, the Bedouins have traditional grazing rights over the land of the settled population. There is a definite tendency for the nomads in the more settled parts of Palestine to adopt

27. *Ibid.*, Vol. II, Table XVI I(a).

28. *Ibid.*, Vol. II, p. 314.

more and more the character of a settled population, and indeed all stages of transition from the desert Bedouin to the settled *fellahin* are to be found

X Literacy

The study of literacy reveals striking differences between the main religious communities. At the census of 1931, the position revealed was as shown in the following table. Literate persons are those who returned an affirmative answer to the question: Are you able to read and write?

TABLE XXI

Number of Literate Persons per Thousand of Each Sex, Aged Seven Years and Over²⁹

Community	Males	Females
All religions	428	221
Moslems	251	33
Jews	934	787
Christians	715	441
Others	362	104

The proportion of literate persons among the Jews is remarkably high and it would be even higher were it not for the relatively high prevalence of illiteracy in the oriental Jewish communities of Jerusalem and Jaffa. Contrary to the experience of most countries, the rural Jewish communities show a higher degree of literacy than do the urban communities. The rural settlements are peopled very largely with western Jews themselves a highly literate community and careful to provide schooling for their children while the oriental Jews are to be found in the towns.

Literacy among Moslem males is low, and among Moslem females is very low indeed only about one female in thirty, over the age of six years being able to read and write. There is some evidence of improvement in that the proportion of literate persons is higher in the younger age groups than in the older ones, but the proportion of Moslem children receiving any education is still low, and the provision of schools in rural areas is quite inadequate judged by European standards. The numbers

of literate persons per thousand among Moslems at different age intervals. at the 1931 census were as follows :—³⁰

Aged	Males	Females
7-13 (inclusive)	313	71
14-20 „	291	59
21 and over	219	18

The Christian population is in a much better condition of literacy than the Moslem community. More than seventy per cent. of the males, and nearly forty-five per cent. of the females, aged seven years and over, are literate. In the age group, 7-13 years, inclusive, the proportions are 66 per cent. of males and 57 per cent. of females, indicating that the relative position of females is improving. Among the other communities, the Drûze population preponderates, and the literacy of the Drûze is distinctly higher than that of the Moslem, but lower than that of the Christian community.

XI. Language

A very wide range of languages is found in habitual use among the comparatively small population of Palestine. The world-wide interests that are centered in the country have attracted elements from all quarters of the globe. The language of the indigenous rural population is universally Arabic. The Circassian colonists of last century retain their native tongue, and the Jewish colonists of recent years have brought in a great diversity of languages. In the towns are old-established linguistic groups such as the Armenians, and the Syriac-speaking members of the Syrian Orthodox community. The many Europeans engaged in missionary and monastic occupations, in government, consular and commercial services, are reflected by the numbers in the European language groups. The commonest languages among Europeans are, in order of frequency, English, German, French, Italian and Russian.

The Jewish population arriving in Palestine has been accustomed to a variety of tongues. The common languages of the Jews, outside Palestine, are Yiddish for Ashkenazic Jews and Ladino for Sephardic

30. *Ibid.*, Vol. I, p. 215.

Jews while the oriental Jews of Baghdad and the Yemen speak Arabic. In Palestine however, Jews are cultivating the use of Hebrew as their common language and Hebrew is the principal language of instruction and of literature among the Palestine Jewish community

The census of 1931 revealed a total of sixty different languages. A short summary of the more important ones and the number of Moslems, Jews and Christians owning to each of them is given in Table XXII

TABLE XXII

Languages Spoken in Palestine³¹

Language	Moslems	Jews	Christians
All languages	693 159	174 610	91 398
Arabic	691 879	2 216	75 548
Hebrew	8	165 177	13
English	36	296	4 962
Yiddish	—	4 610	—
Armenian	—	1	2 767
German	2	270	2 214
Greek	2	15	1 667
French	6	81	1 175
Turkish	150	65	1 052
Russian	1	269	606
Ladino	—	865	—
Circassian	827	7	4
Italian	—	3	7 02
Persian	3	373	6
Other languages	245	362	682

XII Citizenship

The Palestine Citizenship Order, 1925 established Palestinian citizenship as a national status and it was laid down that established residents, who had previously been Turkish subjects, and who did not opt for citizenship of Turkey or of one of the succession states within a period of two years, became Palestinian citizens. Immigrants are allowed to acquire Palestinian citizenship by naturalization the principal qualifica-

31 *Census of Palestine 1931* Vol II p 142

tions being two years residence in Palestine out of the three years preceding the application, literacy in one of the three official languages, English, Arabic and Hebrew, and the declared intention to settle in Palestine.

There is, among the Jewish population, a vigorous movement to promote naturalization. It is generally observed that immigrants from oriental countries, and from eastern Europe are more ready to relinquish their previous national status and to assume Palestinian citizenship than are immigrants from the West. The number of Jews enumerated at the 1931 census, who were born in certain groups of countries, and also the number who claimed citizenship of the same groups of countries, were as follows :—³²

Countries	No. of Jews born in countries	No. of Jews claiming citizenship
1. Countries of Asia	17,275	7,463
2. Countries of Africa	2,417	322
3. Countries of eastern Europe	75,783	38,773
4. Countries of western Europe	4,564	11,646
5. Countries of America	831	2,362

The progress of naturalization in recent years, as measured by the number of certificates of naturalization delivered, has been as follows :—³³

Year	Certificates Delivered
1925-1931	18,766
1932	803
1933	1,146
1934	1,997
1935	5,994
1936	4,941

At the census of 1931, 66,000 Jews, or 38 per cent. of the Jewish population were not Palestinian citizens. From that date up to the end of 1936, 27,680 persons have acquired Palestinian citizenship by naturalization.

The details of citizenship among Arabs, Jews and others, at the census of 1931, are given in Appendix I, C.

The position as regards Palestinian citizenship among the Jewish population of Palestine, at 31st December 1936, may be tabulated in the following manner.³⁴

32. *Ibid.*, Vol. II, pp. 232 and 166.

33. Department of Migration, *Annual Reports*, 1935, p. 30 and 1936, p. 34.

34. Table supplied by courtesy of the Commissioner for Migration and Statistics.

TABLE XVIII

Jewish Population and Palestinian Citizenship in that Population,
at the 31st December, 1936

Description of population (1)	Absolute figures (2)	Proportion per 100 of Jewish population (3)
Jewish population	384 000	100
comprising — (a) Palestinian citizens*	(fewer than) 166 000	smaller than 43 but greater than 36
(b) Jews not qualified for Pales- tinian citizenship	92 000	24
(c) Jews qualified by residence but not Palestinian citizens*	(more than) 126 000	greater than 33 but smaller than 40

* The uncertainty in rows (a) and (c) derives from the fact that statistics of births and deaths by citizenship are not yet compiled

CHAPTER II
NATURAL RESOURCES

BY

SA'ID B. HIMADEH, B.C., M.A.

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CHAPTER II .

NATURAL RESOURCES

I. Location

Palestine is a narrow country lying very largely between desert or semi-desert land and sea. It is located at the extreme south-eastern border of the Mediterranean Sea, which forms its western boundary. The adjoining countries are Lebanon and Syria on the north, Trans-Jordan on the east and the Sinai Peninsula of Egypt on the south. The sea frontier is, and has been, a wide door for the flux and reflux of peoples and ideas since the days of the Phœnicians, who took advantage of the location of Palestine and Lebanon between three great continents. The coastal line is, however, poorly indented for natural harbors and lacks the depth of prosperous hinterland needed for easy development of the coastal region. The desert and semi-desert frontier has always had limited trade with the neighboring countries. Future progress in trade will therefore depend largely on the provision of more transportation facilities to counteract the natural obstacles. The new Haifa port and the Kantara-Lydd-Haifa Railway have widened the sphere of the commercial activities of the country, and if the proposed Baghdad-Haifa Railway is built, the country will develop a prosperous overland transport business which will help to develop its industry and commerce.

II. Cultivable Land

The total area of Palestine is approximately 27,009,000 dunums (10,400 square miles), of which about 26,319,000 dunums are land and 690,000 dunums are water.¹ Of the land area about 12,577,000 dunums constitute the Sub-District of Beersheba, which is mainly desert land, and the cultivable part has an uncertain rainfall.

1. *Memoranda prepared by the Government of Palestine for the use of the Palestine Royal Commission* (London, 1937), Memorandum No. 7, p. 16. 1 dunum = 1,000 square meters = about $\frac{1}{4}$ acre. Henceforth this publication will be referred to as *Memoranda for Palestine Royal Commission*.

The extent of cultivable land in Palestine has been a much debated question, since on the estimate of land available for cultivation depended the admission of Jewish settlers. Recent estimates of the cultivable area of Palestine excluding the Beersheba Sub-District, have varied between 6,544 000 dunums estimated by Sir John Hope Simpson,² and 9,197,000 dunums estimated by the experts of the Jewish Agency.³ A very recent estimate based upon the fiscal survey for the rural property tax, gives the cultivable and non cultivable areas of Palestine, excluding the Beersheba Sub District as 7 120 000 and 6 621 900 dunums respectively.⁴ For the Beersheba Sub District the latest figures of the Government for cultivable and uncultivable areas are 1,640 000 and 10,936,000 dunums respectively.⁵ The total cultivable area, according to the latest official estimates, is, therefore about 8 760 000 dunums.

A summary of the divisions of land area as given by the Government is as follows

Cultivable area	8,760,000 dunums
Village and settlement built-on' areas	29,000 dunums
Uncultivable (including 695 000 dunums forest)	17,428,000 dunums

² *Report on Immigration Land Settlement and Development* (London 1930), p. 22

³ A. Granovsky *The Land Issue in Palestine* (Jerusalem 1936), p. 63

⁴ *Memoranda for Palestine Royal Commission* p. 7. There is therefore a difference of 2 077 000 dunums between the latest Government estimate of cultivable area and the figures of the experts of the Jewish Agency. These figures presumably include as cultivable forest areas which are estimated by the Government at 695,000 dunums and are in their estimate excluded from the cultivable land, besides "in arriving at these figures it is not improbable that the Jews have envisaged the expenditure in making land cultivable of an amount of capital which could not be justified on economic ground." *Palestine Royal Commission—Report* (London 1937), p. 235. The Government's estimate is based on their definition of "cultivable area" which is held to cover land which is actually under cultivation or which can be brought under cultivation by the application of the labour and financial resources of the average Palestinian cultivator. *Memoranda for Palestine Royal Commission* p. 17. "All the estimates of cultivable land are challenged by the Jewish Agency mainly on two grounds. First the definition adopted by the Palestine Government of 'cultivable' land would exclude much land already brought under cultivation as well as land which can by appropriate methods of agriculture be cultivated. Secondly, sufficient allowance is not made for intensive cultivation i.e. close settlement upon the land. This presupposes adequate irrigation without which except in a few specially favored areas intensive cultivation is impossible." *Palestine Royal Commission—Report* pp. 235-236.

⁵ *Memoranda for Palestine Royal Commission* p. 17. With the exception of the urban area the Beersheba Sub District has not been surveyed and since cultivation depends on an uncertain and capricious rainfall the estimate of cultivable area is a matter of guess-work. *Ibid*. Experts of the Jewish Agency estimate the cultivable area of Beersheba at 3,500,000 dunums. Granovsky, *op cit*, p. 64.

Total rural lands	26,217,000 dunums
Urban Areas	102,000 dunums
Grand Total of land area	26,319,000 dunums

The estimated areas of cultivable and uncultivable land in the various regions are shown in Table I. A description of the lands of these regions as to fertility and suitability for agriculture is given in Chapter IV.

TABLE I
Estimated Cultivable and Uncultivable Land Areas in Palestine
by Geographical Regions⁶
(In metric dunums)

	Total	Cultivable		Uncultivable
		Dunums	Proportion of total area	
Maritime Plain	2,928,300	2,302,600	79%	625,700
Acre Plain	315,900	203,300	64%	112,600
Esdraelon and Jezreel				
(a) Esdraelon	351,100	302,800	86%	48,300
(b) Jezreel	64,800	63,600	98%	1,200
Central Range				
(a) Samaria & Judaea	6,005,300	2,765,000	46%	3,240,300
(b) Wilderness of Judaea	1,050,900	—	00%	1,050,900
Galilee Hills	2,083,300	1,054,000	51%	1,029,300
Jordan Valley				
(a) Hula basin	261,600	173,500	66%	88,100
(b) Rest of Jordan Valley	681,200	255,700	37%	425,500
Total excluding Beersheba	13,742,400	7,120,500	52%	6,621,900
Beersheba	12,577,000	1,640,000	13%	10,937,000
All Palestine	26,319,400	8,760,500	33%	17,558,900

Productivity varies from place to place, but on the whole, productivity in terms of cereals is low when compared with some of the leading agricultural countries (see Table II). The difference is undoubtedly due partly to the irregularity of rainfall and its distribution and to the

6. From table privately secured from the Office of Statistics of the Palestine Government.

relatively backward methods of agriculture, but it is also due in part to a difference in fertility

TABLE II
Dunum Productivity in Palestine as Compared with
Other Countries⁷
(kilos per dunum)

Country	Wheat	Barley
Palestine	34 1	22 2
Syria and Lebanon	77 6	93 6
Egypt	190 5	178 4
France	165 7	149 3
Germany	222 3	207 8
Ireland	267 3	262 2
USA	81 4	106 4
Canada	84 6	105 0

III Climate

The climate of Palestine is, generally speaking of the Mediterranean type. On the whole the country has practically two seasons, a hot dry summer, May to October and a cool rainy winter, November to April. August is the hottest and January the coldest month in the year. The average annual rainfall is 26 inches, which is more than such cities as Vienna, Prague Berlin and Paris receive, and more than the average rainfall of some of the great cereal producing countries of the world. But the bad distribution of the rain over the year and the long hot and dry summer season reduce the benefit of rainfall considerably. Besides, wide variation from the annual average is very common, as can be seen from Table III, and substantial downward variation arouses anxiety as to the yield of crops and water conservation. The heavier rains fall in December, January, and February. Early rains in November are usually sufficient for ploughing and seeding of winter crops, while later rains in March and April are important for developing the winter crops, and determine very largely the extent of land sown with summer crops.⁸ The

⁷ For Palestine average of six years 1931-1936 based on figures of area and production as estimated by the Government Department of Agriculture (see Chapter IV, Table III) for other countries average of four years 1932-1935 based on figures of area and production in the *League of Nations Statistical Year Book, 1934-1935*, and 1936-37.

⁸ *Palestine Blue Book, 1935*, p. 351

effect of rainless summers on crops is mitigated to some extent by dew-fall, which is particularly heavy on the western slopes, the Plain of Jezreel and the Carmel. The prevailing winds are the western, which bring the moisture and have the cooling influence in summer and the warm influence in winter. During certain periods in spring and summer the hot eastern wind, known as the *Khamsin*, blows for a few or more days at a time and robs the land of some of its moisture.

The foregoing statement is a brief description of the climate conditions in general, but there are considerable differences as between different parts of the country resulting from environment and topography. In the eastern and southern parts, the climate is affected by the deserts of Arabia and Nubia; in the western part, by temperate sea breezes, which bring rain from the south-west; and in the northern part, by the cooler conditions which prevail in the mountains of Lebanon.⁹ Topographically the country may be divided, aside from the Beersheba Sub-District which contains vast desert and sand dunes, into three longitudinal zones, the Maritime Plain, the Hill areas of the central plateau and the Jordan Valley.

The Maritime Plain has warm humid summers and mild winters. Since the prevailing winds are the western, this zone benefits by the cooling influence of the sea in summer times and its warming influence in winter. The average mean temperature for the January months of several years was 13.8° C. at Haifa and 12.6° C. at Tel Aviv, while the average mean temperature for the August months was 28.5° C. at Haifa and 26.9° at Tel Aviv (see Table III). The mean yearly rainfall was 617.9 mm. at Haifa and 516.8 mm. at Tel Aviv, while the range was from 261.4 mm. to 803.1 mm. and from 236.5 mm. to 796.4 mm. respectively.

The Hill areas have a drier atmosphere with hot summer days but cool nights, and with a cold winter. Snow falls occasionally in the higher parts of this zone. The average mean temperature at Jerusalem for the January months of several years was 8.7° C., and that for the August months 24.8° C. The mean yearly rainfall of the same period at Jerusalem was 416.8 mm.; and the range was from 242.7 mm. to 518 mm.

The Jordan Valley has tropically hot summers and warm winters, because of its location below sea level and its protection by mountains from the cooling western winds. The average mean temperatures for the January and August months of the years 1928-1935 were at Jericho 14.3° and 31.4° C. respectively. The mean annual rainfall of these eight years

TABLE III
Mean Temperature for January and August Months and Yearly Rainfall
at Towns in Different Climatic Zones, 1928-1935¹⁰

	1928	1929	1930	1931	1932	1933	1934	1935	Average
Haifa (Maritime Plain)									
Mean air temperature in January (degrees C.)	14.6	13.4	13.4	14.6	12.4	12.9	14.4	14.7	13.8
Mean air temperature in August (degrees C.)	28.5	29.2	29.2	29.7	28.6	27.7	27.0	28.0	28.5
Total year rainfall (in mm)	681.5	803.1	699.9	610.8	566.1	261.4	750.6	569.5	617.9
Tel Aviv (Maritime Plain)									
Mean air temperature in January (degrees C.)	—	12.1	11.7	13.6	11.9	12.7	12.8	13.4	12.6
Mean air temperature in August (degrees C.)	27.2	28.0	27.1	26.8	26.5	25.3	27.1	27.1	26.9
Total year rainfall (in mm)	—	790.2	542.6	269.8	377.6	236.5	796.4	604.6	516.8
Jerusalem (Hill areas)									
Mean air temperature in January (degrees C.)	9.8	7.9	8.2	9.7	8.0	8.4	8.0	9.5	8.7
Mean air temperature in August (degrees C.)	25.8	—	25.4	24.9	25.0	23.0	24.2	25.2	24.8
Total year rainfall (in mm)	483.0	—	518.0	465.9	261.8	242.7	516.6	429.6	416.8
Jericho (Jordan Valley)									
Mean air temperature in January (degrees C.)	14.8	18.1	12.9	14.3	12.9	13.6	13.5	14.3	14.3
Mean air temperature in August (degrees C.)	32.7	31.6	31.9	31.6	31.4	29.8	30.9	31.2	31.4
Total year rainfall (in mm)	98.4	118.1	159.5	79.0	54.5	66.5	170.0	106.5	106.6
Beersheba (Beersheba Sub District)									
Mean air temperature in January (degrees C.)	13.1	12.7	10.6	13.6	12.4	11.2	12.5	—	12.3
Mean air temperature in August (degrees C.)	—	27.4	27.7	27.0	26.8	24.8	25.2	—	26.5
Total year rainfall (in mm)	181.9	166.2	150.9	295.8	155.6	208.6	397.3	181.5	217.2

¹⁰ Compiled and calculated from *Palestine Blue Books* for the corresponding years.

at Jericho was 106.6 mm., and the range was from 54.5 mm. to 170 mm.

The Beersheba Sub-District, because of its distance from the sea, although it is only forty miles inland on a low plateau, misses the coastal benefits, and the western wind is not forced to rise and deposit its moisture. In addition, the atmosphere is made drier by the winds from the deserts of Arabia and Nubia. The average mean temperatures for the January and August months of several years were at Beersheba 12.3° C. and 26.5° C. respectively. The mean annual rainfall at Beersheba was 217.2 mm., and the range was from 150.9 mm. to 397.3 mm.

With the exception of the most essential factor, the rainfall, the climate of Palestine is favorable to agriculture. The diversity in temperature makes it possible to raise a great variety of agricultural products and enables crops to ripen in some places a few or several weeks before they ripen in others. Because of mild winters, at least two crops could be raised in most places. *The limiting factors, however, are the bad distribution of rainfall and its irregularity which, in view of the lack of large sources of river irrigation, constitute great handicaps to agricultural development.*

IV. Water Supply, Irrigable Land and Water Power

A. WATER SUPPLY.

In comparison with Syria and Lebanon, Palestine is very poor in water resources. The chief water resource from the standpoint of irrigation is underground water, followed by springs and rivers.

1. Rivers. Most of the rivers in the country are mere hill torrents, which run for short periods after heavy rain and may then become dry for weeks. There are only two perennial rivers: the Jordan and the 'Aujâ. The latter is a small river having a flow of 8½ cubic meters per second.¹³ It rises north east of Petah Tiqva and empties into the sea north of Tel Aviv. Irrigation from this river can only be done by pumping. A concession was originally given to the Palestine Electric Corporation with the object of producing electric power from the 'Aujâ. It was found later that the current was not required for power, and a substitute concession for purely irrigation purposes was given to a subsidiary company of the same corporation. The area irrigated from the river at present is 4,850 dunums, but it is contemplated to increase it by 700 dunums in the near future.¹⁴ This will not exhaust all the water

13. G. S. Blake, *Geology and Water Resources of Palestine* (Jerusalem, 1928), p. 51.

14. *Memoranda for Palestine Royal Commission*, p. 65.

of the river but the surplus will probably be required for the water supply of Tel Aviv¹⁵

The Jordan has a permanent flow of 50 cubic meters per second and probably about 200 cubic meters during flood seasons¹⁶. It flows from north to south and empties into the Dead Sea. Its principal sources are Ein Banyas and other springs north of Lake Hula, and in its course the river is fed by several perennial streams from Trans-Jordan, such as the Yarmuk, Ein Arab and the Zarqa, and several others from Palestine. These latter will be discussed below under springs.

The Jordan water is very little used for irrigation at present, chiefly because of the very low bed of the river, but as a potential source of irrigation it presents two possibilities—the Hula scheme and a canal to the south of Lake Hula¹⁷. The Hula scheme is discussed in Chapter IV under Irrigation. It is estimated that if the scheme is extended to include the land to the north of the concession area, now irrigated in a haphazard manner in all about 100,000 dunums of land will be benefited¹⁸. The possibility of a canal is considered in the Report of the Palestine Royal Commission¹⁹. It is stated that any such project above the hydro-electric station of the Palestine Electric Corporation will be prevented by the Corporation's concession, and that the construction of a canal south of the station is impracticable owing to the very unfavorable physical aspect of the country through which the canal would have to pass. Pumping water at the points where it is needed, which is the only other possibility would be very expensive, as the water will have to be raised to very great heights. Thus aside from the Hula project, 'the prospects of irrigation from the Jordan in existing conditions appear to be exceedingly doubtful as the situation above described applies to the whole valley down to the Dead Sea'²⁰.

2. Springs. There are many springs in the Jordan Valley and the Western Plain. Most of these springs are used for irrigation, but apart from the irrigation schemes in Beisân and Jericho, much waste occurs in the use of water. This waste is explained by the fact that under the existing Ottoman law the water in springs is the property of individuals, who can sell it as they please. The Royal Commission recommended the promulgation of legislation vesting the surface water of the country in

15 *Palestine Royal Commission—Report*, p. 251.

16 H. Luke and E. Keith Roach, *The Handbook of Palestine and Trans-Jordan*, (London 1934) p. 304.

17 *Palestine Royal Commission—Report* p. 252.

18 *Ibid.*, p. 258.

19 *Ibid.* p. 252.

20 *Ibid.*, p. 252.

the High Commissioner with a view to ensuring a more economic use of spring water; although they believed that the additional area which can be irrigated in this way will be comparatively small.²¹

The principal springs are listed in Table IV. Excluding 'Ein Rubin, for which no estimate as to the quantity of its flow is available, these springs have a total flow of about 10 cubic meters per second.

TABLE IV

The Principal Springs in Palestine and their Estimated Water Supply ²²

Name of spring	Quantity in gallons per day
Springs of the Jordan	
'Ein Jidi, 'Ein Sideir and 'Ein el 'Areijeh	10—20,000,000
'Ein Feschka	30,000,000
'Ein 'Aujâ, 'Ein Duc, and 'Ein Sultan	25,000,000
Farah Springs	25,000,000
Beisân Springs	50,000,000
Springs of the Western Plain	
Kabre Springs and Wâdi el Qarn	9,000,000
'Ein Kurdaneh	30,000,000
	179—189,000,000 or about 10 cubic meters per second.

3. Underground water. Recent well borings have shown that the Maritime Plain is rich in underground water. It is available at shallow depths, usually from 20 to 30 meters, up to a distance of from 5 to 10 kilometers from the coast, and at greater depths, usually from 30 to 40 meters beyond that distance. Some of the wells near the coast give as much as a hundred cubic meters an hour, but generally the quantity varies from 20 to 40 cubic meters.²³ When wells are deep the exploitation of water is, of course, expensive.

In the Esdraelon Plain and the Jezreel Valley considerable exploration has been undertaken and water has been found available at various

21. *Ibid.*, pp. 252-253.

22. Blake, *Geology and Water Resources of Palestine*, p. 51. The 'Aujâ River, which is included by Blake among springs, is excluded from the Table as it has already been discussed under "Rivers".

23. Luke and Keith-Roach, *op. cit.*, p. 306.

places In the Beersheba—Ashdod—Aujâ al Hafir region little exploration has been done so far In the two finished bore holes sunk by the Government the water was salt.²⁴

The exploitation of underground water has developed very rapidly in recent years especially along the coast where profit from orange growing has encouraged widespread sinking of wells by digging and drill boring The number of wells used for irrigation was estimated in 1936 at about 2500-3000.²⁵ Until now there seems to be no diminution of the supply or falling off in the level of underground water, but as these dangers may arise at any time it has been proposed by the Royal Commission that legislation should be enacted prescribing that well-owners must report at stipulated intervals the depth of the water of their wells, and that if the water table should in any case be found falling to permit the Government to control the sinking of new wells or the deepening of old ones.²⁶

B IRRIGABLE LAND

There is no official estimate of the total quantity of water available in Palestine and of the areas which could be irrigated In the opinion of the Jewish experts based upon calculations furnished to the Royal Commission the water resources of the country would be sufficient to irrigate at least 1 500 000 dunums of land as compared with about 350 000 actually under irrigation.²⁷ This estimate does not include the hill districts in which the difficulty of irrigation is admitted or the Beersheba area An other estimate by the Head Office of the Keren Kayemeth Leisrael (Jewish National Fund) gives the total water resources of Palestine excluding Beersheba at 421 448 cubic meters per hour and the total area which could be irrigated at 2 142 695 dunums.²⁸ Still another estimate submitted to the Royal Commission puts the figure of irrigable land, excluding Beersheba and the south at 3,500 000 dunums after allowing water for the civil and industrial requirements of a population of two and a half million people.²⁹

The Royal Commission makes the following comment on the estimates submitted to them.³⁰ We are not in a position to pronounce upon these estimates nor do we consider it in any way necessary for us to at-

²⁴ *Palestine Royal Commission—Report* p 254

²⁵ W Stern "The Water Problem of Palestine" *of Palestine* (Tel Aviv 1936) p 96

²⁶ *Palestine Royal Commission—Report* p 253

²⁷ *Ibid* 255

²⁸ Granovsky *op cit* p 76

²⁹ *Palestine Royal Commission—Report* p 255

³⁰ *Ibid*

tempt to do so. Much work remains to be done before any reliable estimate can be made of the approximate quantity of water available and still more to ascertain how much can be brought into use as an economic proposition. There are larger districts, including most of the hill country, in which irrigation would be so difficult, even in the improbable event of water being available, that these districts should, in our opinion, be omitted in any calculation of irrigable area. The main difficulty in any comprehensive extension of irrigation in Palestine is not so much the inadequacy of water as the cost of making it available for use."

C. WATER POWER.

The resources of water power in Palestine center practically in the Jordan and its tributary, the Yarmûk. The Jordan River rises in Mount Hermon in Lebanese territory at 1000 meters above sea level, passes through Lake Hûla, 8 meters above sea level, flows to Lake Tiberias, 192 meters below sea level, and empties finally in the Dead Sea, 393 meters below sea level. Thus its descent from Lake Hûla to the Dead Sea is a little over 400 meters, all in Palestinian territory. An official estimate puts the possibilities of hydro-electric development from the Jordan and the Yarmûk at 300,000 H.P.³¹

A concession for the exploitation of water power of the Jordan including its tributary, the Yarmûk, was given to Mr. P. Ruthenberg, a Jewish Russian engineer, who formed the Palestine Electric Corporation for carrying out the work involved. The period of the concession is seventy years commencing March 7th, 1926. The original plan for exploitation comprised the erection of three power houses between Jisr el Majâmi', ten kilometers south of Lake Tiberias, and Lake Hûla. The first and second houses were to utilize the 50 meters fall between the southern end of Lake Tiberias and Jisr el Majâmi'. The first house, completed in 1932, is located between El 'Ubeidiya and Jisr el Majâmi' using a drop of 27 meters.³² The second house is projected at El 'Ubeidiya, and will involve the diversion of the Yarmûk River to Lake Tiberias; and the third is projected between Lake Hûla and Lake Tiberias.³³ The first power house consists of four turbo-generators of 8,500 H.P. each, or a total of 34,000 H.P.; and the current generated from it is distributed to the central transformers in Haifa and Tel Aviv and

31. *Report on Palestine and Trans-Jordan, submitted to the Council of the League of Nations* (henceforth referred to as *Report to the League of Nations*), 1930, p. 228.

32. Luke and Keith-Roach, *op. cit.*, p. 375.

33. *Ibid.*, pp. 376-377.

thence to the local stations. The El 'Ubeidiya power house when constructed will be equipped with the same type and capacity as the first, namely four turbo-generators of 8,500 H P each, or a total of 34,000 H P.³⁴ The third power house will utilize a fall of 200 meters and will have a capacity of approximately 52,000 H P. Thus the three stations together will be able to supply 120,000 H P, sufficient to generate more than four times the present needs of the market for electricity.³⁵ Between Jisr el Majâmi' and the Dead Sea the Jordan has other possibilities for hydro-electric development, but their economic feasibility, in the face of the unfavorable topography of the river basin, has not yet been ascertained.

It seems that the original plan of further development of hydro-electric power has been laid aside for the present. Instead of constructing the El Ubeidiya power-house, the Palestine Electric Corporation decided to erect two large local power stations using dynamos driven by steam turbines, one at Haifa of 18 000 kilowatt capacity, and the other at Tel Aviv. Work on the Haifa station was started in 1934.³⁶ The change in the original scheme appears to have been a result of new calculations of the cost involved, based upon the experience of the Corporation with the cost of the first power-house.

V Forests

There are no real forests in Palestine, although 'if there is one country in the world in which afforestation is desirable that country is Palestine'.³⁷ There are only 76 square miles of scrub forest and plantations, out of 6 250 square miles the area fit for cultivation and afforestation, according to the estimate of the Government and out of 10,160 square miles, the total land area of the country, including Beersheba, or a proportion of about 1.2% and 0.75% respectively. A normal proportion of forest land to the total area of a country is said to be 15 per cent, which is about twenty times the proportion in Palestine. There are, however, in addition to the 76 square miles, a further 450 square miles which retain forest features, but they have been devastated by overgrazing, overcutting and other misuse.

In ancient times the hills of Palestine were covered with forests, but, in the course of centuries, large areas of forests disappeared, such forests

³⁴ The Near East and India (Palestine Supplement) January 20 1927, pp. VI quoted by Basim Faris *Electric Power in Syria and Palestine* (Beirut 1936), p. 281.

³⁵ Faris *op cit* pp. 281-282.

³⁶ *Ibid*.

³⁷ *Palestine Royal Commission—Report* p. 271.

as survived deteriorated and the large-sized timber trees were almost completely extinguished.³⁸ As the population increased most of the forests were cleared in favor of cereal crops and the slopes cultivated without terraces.³⁹ Forests that were not cleared were largely ruined by overgrazing and overcutting. Finally, during the Great War, great many trees, including olive trees, were hewed down for combustion in railway engines and for other military purposes. As a result, vast areas of hill country are barren and rocky, large areas are impoverished, and the soil is being washed away by heavy rains. These impoverished hill forests still constitute, however, the main forest wealth of the country. The other existing forests are a belt of trees in the Jordan Valley and a number of small and widely distributed plantations of artificial origin formed mostly in the plains during the last fifty years.⁴⁰

The Hill forests of natural origin consist of deciduous oak, scrub evergreen oak, carob or locust bean trees, 'Laurel' trees, etc., and shrubs of various species.⁴¹ They provide firewood, charcoal, rough timber for house-building and agricultural implements, and forage for sheep, goats, and cattle.

The forests of the Jordan consist of tropical trees of riverain type, such as the poplar and *Salix* species, which extend along the river banks between Lake Tiberias and the Dead Sea, and of a more or less savannah type trees with Zerophytic species along the *wâdis* extending into the foot-hills.⁴² The Jordan forests also provide firewood, charcoal, rough timber and pasturage.

Olive groves are common in the hill regions where it has been possible to find, by terracing, sufficient soil to grow the tree, and in a number of regions in the plains chiefly round Lydda. Great many olive trees have been planted in recent years. The tree is a very important source of income for the country and chiefly for the Arab population. The area covered with olive trees, the number of trees, and the production of olive oil are discussed in Chapter IV under "Other Fruits".

Forest trees of artificial origin are chiefly of the eucalyptus and pine species.⁴³ Eucalyptus plantations were first formed in the Coastal Plain and later on they were extended to the inland plains. Older trees are now being cut to provide material for furniture, telephone poles, fruit cases, etc.

38. Luke and Keith-Roach, *op. cit.*, p. 286.

39. *Palestine Royal Commission—Report*, p. 272.

40. Luke and Keith-Roach, *op. cit.*, p. 286.

41. *Ibid.*, p. 287.

42. *Ibid.*

43. *Ibid.*

The Palestinian Government early felt the importance of forests to the country and in 1920 the Forestry Section of the Department of Agriculture was established. The work of this Section was confined in the early years chiefly to the protection of valuable trees on private property which were liable to be cut for fuel, but it was soon realized that the protection of other forest land because of continued deforestation in favor of agriculture, was even more necessary.⁴⁴ Accordingly, an Ordinance was passed in 1926, authorizing the establishment of forest reserves to include pending settlement of title, all uncultivated land which was not clearly private property and that as settlement proceeded such land as was proved to be private property was to be excluded from the reserves and the remainder was to be declared State Domain and brought under proper management and control.

About 260 square miles were declared as reserve, but up till 1936, because of the slowness of land settlement only a few square miles were declared as State forest.⁴⁵ Of these only 4 000 acres could be made a closed forest area in which no grazing or cutting is allowed as it was found impossible to check the demands of holders of rights for grazing and forest produce.

Afforestation was first started in the sand dunes of the plains with the object of fixing the sand and checking the dunes from advancing inland and covering cultivable areas. Out of a total area of 195 square miles of sand dunes only 17 square miles have been declared forest reserves and about 750 acres were planted.⁴⁶ Later attention was turned to the afforestation of hills where by 1936 five square miles were planted mainly near Nazareth and Hebron. Government nurseries now produce an annual average of 1 200 000 plants of which about 200 000 are issued free of charge to institutions and private individuals. The work of afforestation has been reinforced by the establishment in 1935 of a separate Department of Forests with a large staff and a budget for 1936-37 of £P 32 513.

The present Government policy for afforestation is set in Memorandum No. 9 prepared for the use of the Royal Commission and reads as follows. Certain areas will be set aside for the supply of much needed produce such as timber firewood charcoal and tanning materials. Other forests will be maintained on steep slopes to prevent erosion. On other areas fodder from selected specimens of scrub will be systematically controlled so long as the hill villages are in need of it. When the demand

44 *Palestine Royal Commission—Report* p. 273

45 *Ibid*

46 *Ibid*

for fodder in any locality ceases, such fodder lands will be turned into productive forests or orchards, as may be found advisable."⁴⁷

VI. Mineral Resources

The mineral resources of Palestine were studied by Mr. G. S. Blake, the Geological Adviser to the Palestine Government, and the results of his investigation were presented in a published report.⁴⁸ In his introduction, Mr. Blake makes the following statement: "In Palestine metallic minerals, of economic value are unknown, and coal probably does not exist; nevertheless the country possesses an average of mineral wealth and, in a sense, it has unique resources, for the occurrence of potash and bromine in the Dead Sea is without parallel elsewhere on the earth." The mineral deposits of Palestine may be discussed under four groups: minerals in solution in the Dead Sea, petroleum and allied minerals, other non-metallic minerals, metallic minerals.

A. MINERALS IN SOLUTION IN THE DEAD SEA.

The minerals in solution in the Dead Sea are sodium chloride or common salt, potassium chloride, magnesium chloride, magnesium bromide, calcium chloride and calcium sulphate.

The origin of potash and bromine, as well as a large portion of the other salts, is in the hot springs of the Ghor. This has been shown by an analysis of the Tiberias hot spring made at the Government Laboratory, London.⁴⁹ The origin of most of the other salts is in the source of the Jordan in the mountains of Lebanon and in the Hûla Plain.⁵⁰

1. Quantities. Samples of water at different depths were taken by Major Brock in 1919 and were analyzed in the Government Laboratories, London, with a view to finding their composition. The results of the analyses are shown in Table V. On the basis of the results obtained and an estimate given by Major Brock of the volume of water in the Dead Sea (159 cubic kilometers), the quantities of the salts in solution will be approximately as follows:⁵¹

47. *Memoranda for Palestine Royal Commission*, p. 34.

48. G. S. Blake, *The Mineral Resources of Palestine and Trans-Jordan* (Jerusalem, 1930). The report is said to give an approximate estimate of the mineral resources and an indication as to the lines on which development of these resources is possible; Introduction, p. 4.

49. See results of analysis under "Spas" below.

50. Sami Wafa Dajjani (formerly Chemical Engineer, Palestine Potash Co.), "Tārīkh al-Bahr al-Mayyit...." (The History of the Dead Sea, etc.) *The Arab Economic Journal*, pp. 10-11.

51. Blake, *The Mineral Resources of Palestine and Trans-Jordan*, p. 7.

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⁴⁴ *Palestine Royal Commission—Report* p. 273

⁴⁵ *Ibid*

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51. Blake, *The Mineral Resources of Palestine and Trans-Jordan*, p. 7.

	Million tons
Potassium chloride	2,000
Magnesium bromide	980
Sodium chloride	11,000
Magnesium chloride	22,000
Calcium chloride	6,000

TABLE V

Composition of the Dead Sea Water at Different Depths ⁵²

Depth	Potassium chloride	Magnesium bromide	Sodium chloride	Magnesium chloride	Calcium chloride	Calcium sulphate	Total salts in grams per liter
Surface	9.96	4.45	70.96	109.50	31.01	1.32	227.20
20 ft.	10.55	5.09	74.57	117.90	33.20	1.45	242.76
100 ft.	13.21	6.12	80.22	141.72	40.09	0.96	282.32
300 ft.	15.11	7.24	92.59	170.30	46.95	0.63	332.82
360 ft.	15.67	7.30	87.38	169.04	46.66	0.64	326.69
490 ft.	15.89	8.07	87.09	169.21	46.86	0.60	327.72
530 ft.	15.69	8.00	87.64	169.72	47.16	0.62	328.83
1 085 ft.	15.54	7.83	85.51	170.66	47.46	0.63	327.63*
1 090 ft.	14.95	7.00	93.32	168.90	47.91	0.68	333.08

a. At depth of 1085 includes Insol. 0.32 grams per liter

It appears from Table V that the content of salt per liter of Dead Sea water is very high amounting to about eight times that of average sea water

In addition to the salts in solution there is a very large but unknown quantity of salts deposited in the bottom of the Dead Sea, mostly sodium chloride and calcium sulphate ⁵³

2 Uses In order to appreciate the very great resources of the Dead Sea it is important to know their uses Potash is used as a source of potassium in the manufacture of fertilizers It is a complementary to, but does not compete with the two other main fertilizers—phosphates and nitrates—since they serve different purposes in plant cultivation About 90 per cent of the potash product is taken by agriculture ⁵⁴ Potash is also employed in the manufacture of gunpowder, drugs, paint, soap, glass, sulphur, dyes, paper, etc

⁵² Blake *The Mineral Resources of Palestine and Trans Jordan* p 7

⁵³ Dajani *op cit.*, p 8

⁵⁴ M. Novomeysky Managing Director of the Palestine Potash Co. "The World's Potash Industry and the Dead Sea", *Painews Economic Annual of Palestine*, 1936 p 127

Bromine is a highly corrosive liquid, which volatilizes easily, and consequently enters commerce in the form of salts. It is used in the form of sodium bromide, potassium bromide and ammonium bromide, in photography and for medicinal purposes.⁵⁵ Its principal outlet at present is as ethylene dibromide used with certain compounds which, when added to petrol, assure the smooth running of motor car engines. It is also employed in the production of certain dyes, hand grenades and gas bombs, etc.

Sodium chloride has important uses, but its great abundance in nature makes it cheap. Besides its use in food, it is used in the manufacture of soap, hydrochloric acid, soda, which is necessary for the soap industry, and in the preparation of chlorine, which finds use in many industries, including the manufacture of gas bombs. Chlorine is also a good disinfectant and an excellent bleaching agent.

Magnesium chloride is, at present, of relatively little use. It is employed in the textile industry for softening and smoothing woolen fibres, in the chemical industry as a basic material from which other compounds are produced, and in the manufacture of magnesia cement, jointless floors, heraclite slabs, etc.⁵⁶

Calcium chloride is very abundant and of little use. Its principal employment is as a drying agent.

As may be inferred from the foregoing statement, the chief products from the standpoint of commercial value are potash and bromine. The other products are of less commercial value because of abundance and/or little use.

3. Exploitation. Interest in the salts of the Dead Sea dates as far back as 1835, when an Irishman named Costigan organized an expedition for the making of a survey and the taking of soundings and samples, but the expedition was not successful.⁵⁷ Since then many other expeditions followed, but all of them "had a purely scientific purpose and supplied either evidence of a variety of theories concerning the probable origin of the Dead Sea or information as to its peculiarities". Mr. M. A. Novomeysky, the present Managing Director of the Palestine Potash Company, Ltd., was the first man to investigate the possibilities of a commercial exploitation of the mineral resources of the Dead Sea. He started in 1911 his preliminary surveys and experimentations and resumed his research in 1920. General Allenby was also interested in a similar plan, and immediately after the conquest of Jerusalem he called for an

55. H. Raczkowski, *The Dead Sea Chemical Industry* (London, no date), pp. 27-28.

56. *Ibid.*, p. 28.

57. *Ibid.*, p. 10.

expert commission from England to make investigations⁵⁸ The commission started work even before the end of the War and having arrived at favorable conclusions it was announced in 1922 that it would be possible to grant a concession Mr Novomeysky and Major T G Tullock (who became interested during the War in the possibility of extracting potash from the Dead Sea) applied jointly for the concession on the basis of a report of findings There was keen competition among those who applied and it was only in 1929 that the British Government decided to grant the concession to Messrs Novomeysky and Tullock, who formed the Palestine Potash Company Ltd The period of the concession is 75 years from January 1st 1930 the date on which the concession was signed by the Governments of Palestine and Trans Jordan The concessionaries undertook to raise by gradual increase the production of potash to 100 000 tons per year⁵⁹ and to pay to the Governments of Palestine and Trans Jordan a royalty and a share of the profits The potash works will be discussed under Industry Chapter V It is sufficient to mention here that the Company was able to export in 1936 23 372 tons of refined murate of potash and 478 tons of bromine, valued at £P 132,857 and £P 35 097 respectively⁶⁰

4 Prospects The economic value of the Dead Sea minerals will of course depend upon the cost of production and the cost of transportation in relation to these costs in other countries and on the world demand for these products The cost of production of the Dead Sea potash and bromine has been found first by experiments⁶¹ and later by the actual production of the Palestine Potash Company⁶² to be comparatively low, and that of bromine to be incredibly easy and profitable because of the very high concentration of bromine in the brine of the Dead Sea being 14 kilograms per cubic meter of water as against 4 kilograms yielded in the most favored place in the world⁶³ The Palestine method of potash production is based on only three raw materials all found on the spot (1) the water of the Dead Sea pumped into large shallow pans, (2) the hot sun shining over the pans and evaporating the sea water in the course of over nine months in the year and (3) the Jordan water, dissolving the other salts (impurities) in the raw potash produced in the pans and so refining the potash⁶⁴ In five of the six other potash producing

⁵⁸ B Panteleymonoff (formerly Chemical Engineer Palestine Potash Ltd) "The Dead Sea Potash Works" *Palnews Economic Annual of Palestine* 1935 p 162

⁵⁹ *Id.* p 136

⁶⁰ *Palestine Commercial Bulletin* Vol XIV No 3 March 1937 p 123

⁶¹ Blake *The Mineral Resources of Palestine and Trans Jordan* pp 11 13

⁶² Novomeysky *op cit* pp 127 128

⁶³ Panteleymonoff *op cit* p 163

⁶⁴ Novomeysky *op cit.*, pp 127 128

countries, the crude potash salt is produced by underground mining, and for the refining, steam is employed; while in the remaining country, California, although the Potash occurs in liquid form and is pumped out from wells, the potash refinery has also to use steam. Consequently the production cost in Palestine is lower than in any other country. This advantage, however, is offset to a large extent by the cost of transportation under existing conditions. New routes and new methods of transport have been considered,⁶⁵ but the realization of more economical transportation facilities will probably be postponed until larger quantities of potash are produced.

As regards the demand, statistical records show that for potash salts it used to double every ten years before the World War.⁶⁶ In recent years the importance of these salts as fertilizers has been more appreciated in many countries, although the very recent abnormal depression in agriculture has reduced consumption very appreciably. The favorable prospects of the potash industry have been shown by Mr. Novomeysky by a comparison of the consumption of potash in various countries in 1913, 1928 and 1932.⁶⁷ The comparison indicates that the average consumption of potash per hectare of arable land in eight countries increased from about 6 kilograms in 1913 to about 25.5 kilograms in 1928, although, because of the agricultural depression, it dropped to about 14.5 kilograms in 1932. Mr. Novomeysky believes that with the exhaustion of the soil in many countries and with the gradual enlightenment of the backward agricultural communities to the benefits of potash as a fertilizer and the general improvement in the world economic conditions, the use of potash is bound to increase steadily in the future. As regards the increase in the demand for bromine in the future, this may be predicted from the considerable extension in its use in industries in late years.⁶⁸ Mr. Novomeysky holds also great prospects for the huge quantities of magnesium chloride in the Dead Sea, as it is thought that the magnesium metal should, to a considerable extent, replace aluminium in the future.⁶⁹

B. PETROLEUM, BITUMEN, AND BITUMINOUS LIMESTONE.

1. Petroleum and natural gas. There are two areas which promise to have petroleum reservoirs, the Ghor and the Coastal Plain. In addition, Mr. Julius Fohs, who made an investigation on behalf of certain institutions in Palestine, considers that the hill country offers possibilities for

65. Blake, *The Mineral Resources of Palestine and Trans-Jordan*, pp. 10-11.

66. Raczkowski, *op. cit.*, p. 26.

67. Novomeysky, *op. cit.*, p. 127.

68. Blake, *The Mineral Resources of Palestine and Trans-Jordan*, p. 12.

69. Novomeysky, *op. cit.*, p. 130.

the presence of oil although his conclusions have been contested.⁷⁰ Natural gas was encountered in the Coastal Plain at Sâqiya at a depth of 130 meters. The most promising area for oil seems to be that covered by and around the southern end of the Dead Sea, since here oil and bitumen seepages are considerable.⁷¹ Recently, several oil companies have made investigations in search of oil but their findings have not been published. Dr Stefan Loewengart believes that 'in view of the tremendous amount of capital invested in the Iraq Petroleum Company, the interests concerned will not run the risk of the winding up of the costly undertaking by discovering petroleum on the Mediterranean coast or near it'.⁷²

2. Bitumen and bituminous limestone. The Dead Sea region has been known for its pure bitumen from ancient times. It is distributed all along the shore but the main occurrence is near 'Ein Jidi on the Palestine side and near the Mojib on the Trans-Jordan side.⁷³ Some of the bitumen is found floating to the surface of the Sea near 'Ein Jidi. Samples of Palestine bitumen were sent to two well known manufacturers of bituminous paints. The reports of these firms showed that for many purposes the bitumen proved unsuitable, although satisfactory for certain moulding compositions such as for electrical insulation, and that similar material was offered at comparatively very low prices, (£ 19 10 0 per ton).⁷⁴ The commercial importance of the Palestine bitumen will, therefore, depend upon the cost of production, in relation to the price, and upon the quantity available. The cost of obtaining the floating bitumen is so low that it could be used for road making,⁷⁵ but the cost of obtaining infiltrated bitumen is comparatively high. Very small quantities have been so far obtained from floating bitumen. It appears doubtful that the output of bitumen would be more than 100 tons a year,⁷⁶ which is a small yield.

Bituminous limestone occurs chiefly in the neighborhood of En Nabl Musa and at Safad and Tarshihâ. The workable deposits of the northern section of En Nabl Musa are estimated at 24 million tons.⁷⁷ The total quantity in the southern section is not known, but that of Jebel Karmuni

⁷⁰ D. Blake *The Mineral Resources of Palestine and Trans-Jordan* p. 15. Stefan Loewengart, "The Principal Raw Materials of Palestine," *Palmira's Economic Annual* of Palestine 1936 p. 134.

⁷¹ Luke and Keith Roach *op cit* p. 398.

⁷² Loewengart *op cit* pp. 133-134.

⁷³ Blake *The Mineral Resources of Palestine and Trans-Jordan* p. 16.

⁷⁴ *Ibid.*, p. 17.

⁷⁵ Loewengart, *op cit.*, p. 133.

⁷⁶ Blake, *The Mineral Resources of Palestine and Trans-Jordan*, p. 17.

⁷⁷ *Ibid.*, p. 13.

is estimated at over 100 million tons, the area covered by the deposits being at least 10 square kilometers with a thickness of 10 meters. The quantities of the deposits of Safad and Tarshîhâ are not known. Those at Safad are roughly estimated at 20 million tons. The organic content of the bituminous limestone is 21 per cent and it yields about 10 per cent oil. By means of a special distillation process, the limestone gives off crude oil and gas and leaves a residue largely of calcium carbonate, which, upon combustion by some of the oil and gas produced, yields quicklime. About 100,000 tons of limestone would yield 40,000 tons of quicklime and 8,500 tons of crude oil of which 2,500 would be of higher grade.⁷⁸ The prospects of commercial development of the bituminous limestone along this line is regarded as promising, especially since Palestine's consumption of quicklime is about 50,000 tons per annum. The industry would require, however, the construction of a special kiln, which would enable oil to be recovered while also burning the residue to quicklime.

C. OTHER NON-METALLIC MINERALS.

Other non-metallic minerals in Palestine are building materials, such as limestone, clay, basalt stone, sand and gypsum, rock salt, phosphates, sulphur and alum.

1. Building materials. Limestone in Palestine is very abundant and widely distributed, although pure "building lime" is relatively scarce. Crystalline limestone that can be polished is found near Jerusalem and in Upper Galilee. It exists in various colors principally with yellow, red and green tints, and is used for better quality building. The ordinary limestone is used very extensively in the building industry and is of considerable economic importance to the country. Limestone and clay suitable for cement making are found in various places. A cement factory with a capacity of over 300,000 tons per annum is already in operation in Haifa. Basalt stone is found in the north, where it is used for building purposes. Sand is very abundant and is used chiefly for building purposes. Sand suitable for the manufacture of glass is found on various parts of the coast and in the vicinity of Banî Na'im, Hebron. A certain white sand of a quality that can be used in the manufacture of glass is obtained as a by-product in the extraction of sulphur south of Gaza.⁷⁹

Gypsum occurs in a number of places in Palestine. It is found associated with marl beds in Wâdî el-Hasî and below Mas'ada, in the chalks of Khân Hatrûra, at Kilometer 21, Jericho Road, and at Ras Zuweira, in the Eocene strata of Southern Palestine, and in the pre-Diluvial beds of

78. *Ibid.*, p. 25.

79. *Memoranda for Palestine Royal Commission*, p. 173.

the Dead Sea, Jordan, and 'Araba basins⁸⁰ The only deposits which have proved of commercial importance, however, are those of Melhamiya, where they have been worked for many years The quantity available in the Melhamiya deposits is estimated at 5,600,000 tons⁸¹ These deposits have been mined on a small scale for use in the manufacture of cement and plaster of Paris The quantity produced in 1936 was 6,209 tons valued at £P 1 200⁸² Greater development in production is handicapped by the high cost of transportation

2 Rock salt Rock salt occurs in massive beds in Jebel 'Usdum at the south west corner of the Dead Sea Part of the salt is covered by shales and sand-tone and part is exposed Much of the salt is 98 to 99 per cent pure⁸³ The quantity is colossal probably running to 1,000 million tons in sight⁸⁴ The rock salt of Jebel 'Usdum is exploited under lease and excise control by Shukri Deeb and Company The salt produced is placed on the Jerusalem market for domestic purposes and for employment in certain manufactures The chief handicaps in the way of greater development of salt production in Jebel 'Usdum are the difficulty of providing food and water and the cost of transportation from the Dead Sea to Jerusalem The production of rock and sea salt in 1936 was 755 and 80,8 tons respectively⁸⁵

3 Phosphates Phosphates occur in many parts of Palestine, but mostly on the slopes of the mountains towards the Dead Sea The principal areas so far as is known are those of Khan Hatrura, En Nabi Musa, Dair Obied (east of Bethlehem), and Qarn el Hajjar, (east of Jebel Fereides)⁸⁶ Although there is certain information about these areas, more surveying and analysis are needed before an estimate can be made of their commercial possibilities The most important deposits from the standpoint of quantity and quality at the same time are those of the En Nabi Musa area which are estimated to contain about 225 million tons of 30 to 55 per cent tricalcic phosphate in samples of exposed faces⁸⁷ They are 20 to 50 feet thick and are overlain by a similar thickness of bituminous limestone These and the other deposits constitute a potential source of cheap fertilizers for the agriculture of the country, but they cannot hope to compete in the world market against the higher quality

80. Bile The Mineral Resources of Palestine and Trans-Jordan p 27

81. *Ibid*

82. Bone Book 1936 p 165

83. Baka, *The Mineral Resources of Palestine and Trans Jordan*, p 32

84. Luke and Keith Roach *op cit* p 400

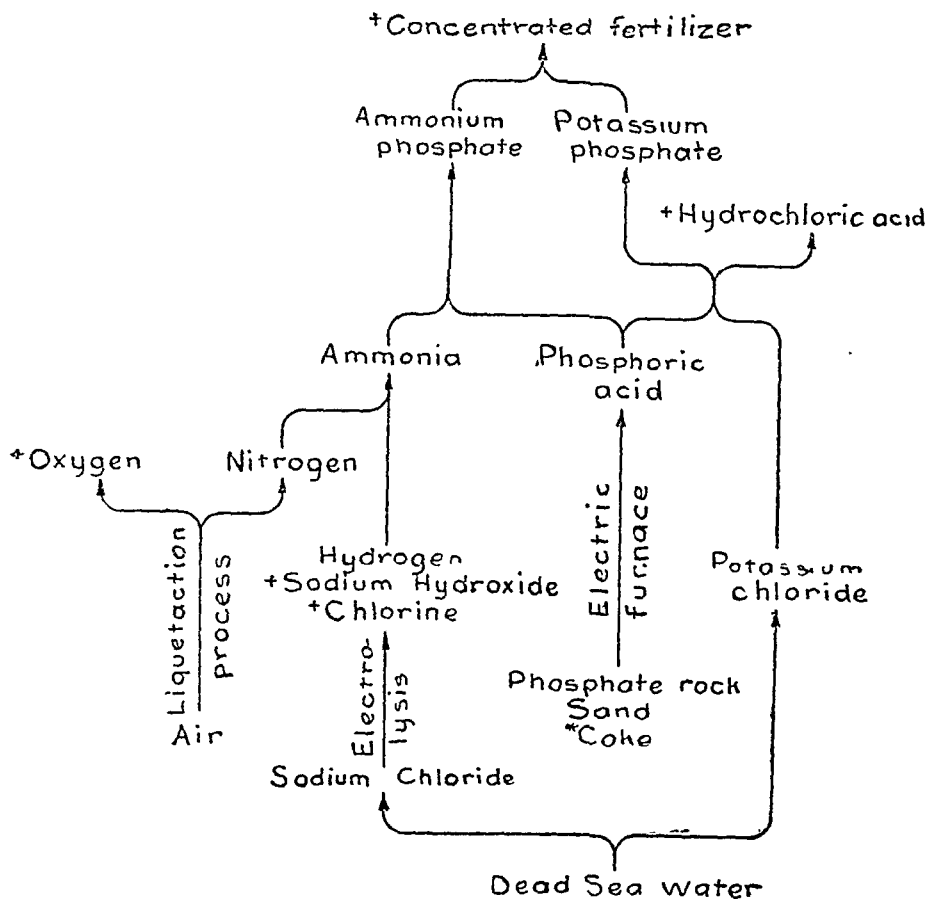
85. *Elke Book* 1936 p 165

86. Baka *The Mineral Resources of Palestine and Trans Jordan* pp 29-30

87. Luke and Keith Roach *op cit*, p 399

phosphates of Algeria and Tunis. The imports of phosphates amounted in 1936 to 2,109 tons, valued at £P. 13,703.⁸⁸

Exploitation of the phosphates for the home market will depend upon the cost of transportation and the place of processing.⁸⁹ For near-by land, phosphates can be applied direct in finely ground form at attractive cost, but for land farther off it has to be converted into superphosphates



+ Useful products

* Only raw material imported

88. *Palestine Commercial Bulletin*, Vol. XIV, No. 3, March, 1937, p. 117.

89. Loewengart, *op. cit.*, p. 135.

in order to reduce the cost of transportation Mr Blake believes that the manufacture of superphosphate in Palestine does not appear to be economically practicable because of the expenses involved in having to import sulphuric acid for the purpose, but that the discoveries of sulphur in the Gaza region may modify the outlook.⁹⁰ Professor W A West (Professor of Chemistry at the American University of Beirut) thinks that there is a possibility of producing concentrated fertilizer commercially by combining phosphoric acid production with nitrogen fixation and the Dead Sea potash industry. The chief requirement would be cheap electric power from Hydro-electric development in the Jordan Valley. As shown in the foregoing chart, almost all the necessary raw materials are available locally, and several valuable by-products would result. Each of these separate processes is in commercial operation elsewhere.

A concession for the mining of the phosphate deposits on the Jericho road has been given to the Palestine Potash Company through the Palestine Mining Syndicate.

4 Sulphur, and alum. Sulphur occurs throughout the Diluvial sediment of the Dead Sea and in the quartzitic sandstones of the south of Gaza which also contain alum. In the former area sulphur occurs mainly as a decomposition product of gypsum and is sparsely distributed. In the latter, the sandstone impregnated with sulphur is from 2 to 10 meters thick and the deposits appear to be of considerable commercial importance.⁹¹ Their quality runs from 10 to 25 per cent sulphur, and the quantity of the mineral, on the basis of researches made up to 1930, is estimated at about 1,000,000 tons. These deposits are now exploited by the Sulphur Quarries Company, Limited, which commenced work in 1933.⁹² The quantity of sulphur extracted in 1936 amounted to 422 tons, valued at £P 1,792.⁹³

D METALLIC MINERALS

The known occurrences of metallic minerals are of little or no commercial importance. Chromium is found in the green-colored rock-veins around Khan Hatrura and near Ras Zuweira towards the south end of the Dead Sea. The green-colored rock around Khân Hatrûra contains about 1.4 per cent chromium oxide.⁹⁴ Copper carbonate (malachite) occurs scattered in the coarse grits north of Gaza. Iron ore exists in the decomposed lava at Umm Zemât and Makraha, but the quality is poor,

⁹⁰ Blake *The Mineral Resources of Palestine and Trans-Jordan* p 31

⁹¹ *Ibid.*, pp 26 and 32

⁹² *Memoranda for Palestine Royal Commission*, p 173

⁹³ *Blue Book 1936* p 165

⁹⁴ Blake, *The Mineral Resources of Palestine and Trans-Jordan*, p 25

the amount of iron oxide being usually not more than 30 to 40 per cent. Highly ferruginous material, however, occurs in massive deposits below the Lower Cretaceous rocks of Wâdî Farah. The mineral constitution of these deposits has not yet been ascertained. Another metallic mineral of unimportant occurrence is manganese.

The quantity and value of each mineral mined or quarried, with the exception of building limestone and sand, were in 1936 (according to the Blue Book, 1936, p. 165) as follows :—

	Tons	£ P.
Gypsum	6,209	1,200
Cement	170,000	320,000
Salt : Rock	755	710 ~
Sea	8,058	20,145
Sulphur (95 to 98 p.c. sulphur)	422	1,792
Potash-muriate (80 p.c. KCL)	21,087)	at market
Bromine (pure refined liquid)	494) sales	prices
Magnesium chloride (solid-fused, and in crystals)	400)	do.

VII. Fisheries

Palestine is well endowed with fish resources. Fish of good quality is found in large quantities along the Mediterranean coast, and in the Gulf of 'Aqaba, which lies partly along Palestinian territory in the extreme south. There are also comparatively moderate quantities of fish in Lake Tiberias and Lake Hûla, although in the latter the gradual reclamation of the marshes has reduced the fish population. The chief species from an economic point of view are *Bûri* (Grey mullet), *Sultân Ibrâhim* (Red Mullet), *Musqâr* (*Sciaena aquila*), *Ghumbâr* (*Sarranus rhoneus*), *Jarbidî* (Red bream), *Sardîn* (Sardines), *Dawâkir* (Sea perches), *Musht*, the most important of the Tiberias fish, and soles and hake.

Except in the Gulf of 'Aqaba, fish catching has developed rapidly since the War. The quantity of fish landed at Haifa and Jaffa, which are by far the most important places of landing, has increased from about 300 tons in 1921 to 1,300 tons in 1935-36.⁹⁵ Statistics for fish landed in other places during this period are not complete, but, as far as they go, they also indicate a development although not of the same magnitude. Table VI

95. *Memoranda for Palestine Royal Commission*, Mem. No. 20, p. 68.

shows the increase in catch of fish from 1927-28 to 1937. The development is attributed to the increase in population, the abolition of the tax of 20 per cent on all fish caught and the protection afforded by the Fisheries Ordinance of 1926. In the Gulf of Aqaba fishing is greatly handicapped by the absence of a good road between Aqaba and Beersheba, and fish from the Gulf rarely appears on the town markets.

TABLE VI

Catch of Fish 1927-28 to 1937-96

Year	North ern Coast ^a in tons	South ern Coast ^b in tons	Total Coast in tons	Lake Hula ^c in tons	Lake Tiberias ^c in tons	Total weight in tons	Total value in £P
1927/28	256	232	488	—	—	488	30 778
1928/29	415	316	731	—	—	731	38 774
1929/30	511	440	951	—	—	951	46 102
1930/31 ^d	—	—	—	—	—	—	—
1931/32 ^d	—	—	—	—	—	—	—
1933	551	580	1 131	—	—	1 131	44 739
1934	621	673	1 294	—	—	1 294	46 134
1935	728	831	1 559	90	261	1 910	61 257
1936	535	383	918	79	245	1 242	38 043
1937	717	1 054	1 771	47	230	2 048	64 203

a Includes catches at Haifa, Acre, Ez Zib and Tantûra.

b Includes catches at Jaffa, El Jura and Gaza.

c Estimate not available until 1935.

d No estimates are available—Fisheries Service abolished in those years.

In spite of the increase in the quantity of fish caught, the country still has to depend very largely upon imported fish for meeting the growing local demand. As can be seen from Tables VI and VII, the value of fish caught in the last three years constituted only about 24 per cent of the value of total fish consumption (including fresh and frozen fish, in brine, dry, salted, smoked and tinned), and the quantity of local catch was about 49 per cent of the fresh and frozen fish consumed. There is, therefore, an ample room for further development.

The inability of the local supply to meet the local demand is ascribed to the inadequate exploitation of the fish resources of the country. This

TABLE VII
Imports of Fish, 1927-1937 ⁹⁷

Year	Fish fresh & frozen ^a in tons	Fish in brine, dry, salted and smoked in tons	Fish Tinned in tons	Total quantity in tons	Total value in £P.
1927	273	1,015	441	1,729	71,741
1928	341	992	341	1,674	63,185
1929	307	1,097	387	1,791	68,474
1930	423	887	361	1,671	67,479
1931	510	956	288	1,754	62,490
1932	815	1,133	327	2,275	71,382
1933	1,218	1,152	583	2,953	98,968
1934	1,458	1,660	1,112	4,230	141,719
1935	1,755	1,632	1,471	4,858	173,564
1936	1,674	2,012	1,208	4,894	164,902
1937	1,896	2,073	1,272	5,241	178,426

a. Most of the fresh and frozen fish comes from Lebanon, Syria and Egypt. A certain amount is also supplied by Italian motor trawlers, who find fishing along the Palestinian coast profitable, and come regularly every year for about seven months, from end of March to end of October. James Hornell, *Report on the Fisheries of Palestine* (Palestine, 1935), p. 55.

is due to three principal factors.⁹⁸ In the first place, the fishermen are ignorant and their methods are primitive. They are not acquainted with new types of nets and new methods of catching. Besides, they have been in the habit of using explosives and poisonous substances for catching fish, although these methods have been reduced in recent years. In the second place, they are usually poor and cannot afford to buy larger and more seaworthy boats which will enable them to fish farther off shore. They are also usually indebted to fish dealers, to whom they are bound to sell at very low prices. In the third place, safe harbor accommodations and suitable landing places for fish on the coast are scarce. Trawling, especially, is hampered by the lack of safe harbors in the Southern District.

Following the recommendations of the fishery expert, Mr. James Hornell,⁹⁹ who was appointed in 1934 by the Government to make a

97. Data for the years 1927 to 1935 from Table in Mem. No. 20, *Memoranda for Palestine Royal Commission*, p. 69; for 1936 and 1937 privately secured from the Department of Agriculture and Fisheries.

98. *Memoranda for Palestine Royal Commission*, Mem. No. 20, pp. 69-70.

99. The recommendations are embodied in his *Report on the Fisheries of Palestine*.

survey of the fisheries of Palestine, the Government reestablished in April 1936 the Fisheries Service, which was established in 1927 and abolished five years later, and has redrafted the Fisheries Ordinance of 1926 with a view to simplifying the administration and controlling duties of the Fisheries Service. It is intended that the chief duties of the Service will be first, to demonstrate suitable modern methods of fishing and to educate the fishermen to their use, and secondly, to work out a system of free auction at wholesale fish markets instead of the present primitive marketing methods.

VIII Spas and Shrines and Historical Remains

A SPAS

Palestine possesses several mineral springs of healing value in the Ghor and along the shores of the Dead Sea. The most important of these are the hot springs of Tiberias and El Hamma, situated in spots having unusually favorable climate for winter resorts. The former are extremely saline while the latter are highly sulphurous, and all are slightly radioactive.

The hot springs of Tiberias have been known for their curative properties since the Roman Occupation when baths were constructed. Baths were also built by Ibrahim Pasha during the Egyptian Occupation and by the Turkish Government. These baths are still in existence and in use. Recently a concession was granted by the Government of Palestine to the Tiberias Hot Springs Company, Limited which has undertaken to construct more suitable and attractive accommodations. The composition of the water of the main Tiberias hot spring is as follows: ¹⁰¹

Calcium carbonate	0.08 grams per 1000 grams
Calcium sulphate	1.09 "
Calcium chloride	8.52 "
Strontium chloride	0.15 "
Magnesium chloride	2.30 "
Magnesium bromide	0.26 "
Sodium chloride	17.03 "
Potassium chloride	0.55 "

The hot springs of El Hamma are El Maqla (Hammam Salim), Er Rih and El Balsam (El Jarab). They lie between the Railway Station and the right bank of the Yarmuk at the junction of the borders of

¹⁰⁰ Luke and Keith Roach *op cit* p. 401.

¹⁰¹ According to an analysis at the Government Laboratory, London, Blake, *The Mineral Resources of Palestine and Trans Jordan*, p. 8.

Palestine, Syria and Transjordan. From the standpoint of therapeutic value they might rank among the most important in the world. They differ from the Tiberias hot springs in having a much higher content of sulphur and a considerably lesser proportion of sodium chloride. Their temperatures are 47°, 35.8°, and 39.4° centigrade respectively. The water of El Maqla needs to be cooled before it can be used for bathing. El Maqla has the largest flow, about $1\frac{3}{4}$ cubic meters per second¹⁰² which is also many times larger than that of the Tiberias hot springs. Although the El Hamma springs were greatly used during Greek and Roman periods as shown by recent excavations and as mentioned by historians, they fell into disuse except for the annual visits by nomadic tribes (who prize their healing value for skin diseases and rheumatism), until the recent development under a concession given to Sulayman Bey Nâsif. The composition of the waters of El Hamma springs is as follows :¹⁰³

	El Maqla grams per 1000 grams	Er Rîh grams per 1000 grams	El Balsam grams per 1000 grams
Magnesium bicarbonate	.247	.336	.218
Calcium bicarbonate	.258	.179	.308
Calcium sulphide	.014	.006	.009
Calcium sulphate	.144	.122	.180
Sodium sulphate	.195	.173	.107
Sodium chloride	.458	.302	.306
Silicic acid	.005	.005	.008
Iron and alumina salts	.018	.002	.002
Potassium chloride	.002	.002	.002
Sodium bromide	traces	traces	traces

At present the hot springs of Tiberias and El Hamma attract a limited number of people from Palestine and Trans-Jordan and a lesser number from adjacent countries, but the chances are good that they will attract more people from these territories and from other countries when their therapeutic and balneologic use becomes better known and more modern accommodations are built.

B. SHRINES AND HISTORICAL REMAINS.

Palestine's unique religious and historical remains are too well known to require mentioning here. Strictly speaking these remains are not

102. Dr. Fritz Noetling, "Geological Sketch of the Environs of El Hamma" (1885). The flow of the Balsam spring is estimated at a little more than one cubic meter per second. No estimate of the flow of Er Rîh is given.

103. According to analyses made at the American University of Beirut.

natural resources, but they have always been a source of income to the country. Thousands of tourists (including pilgrims) have been attracted every year to visit these places. The number of visitors has increased considerably since the Great War, chiefly as a result of the improvements in the means of transportation and communication within Palestine¹⁰¹ and between Palestine and other countries, the erection of modern hotels and Jewish interest in Palestine.

The value of the tourist business to Palestine cannot be ascertained, as there are no statistics of the length of time the tourists stay and the amount of money they spend. A rough estimate of the income derived from tourists is given in Table VIII. Those who profit from tourist traffic are automobile drivers, motor-bus co-operatives, railways, guides, manufacturers and sellers of souvenirs, etc.

TABLE VIII
Value of the Tourist Industry to Palestine, 1926-1936

Year	Number of foreign visitors including transmigrants ^a	Estimated annual receipts ^b in £P.
1913	25,000 ^c	—
1926	50,376	503,760
1927	57,359	573,590
1928	69,452	694,520
1929	57,365	573,650
1930	56,450	564,500
1931	52,790	527,900
1932	53,873	538,730
1933	66,804	668,040
1934	82,230	822,300
1935	66,315	963,150
1936	55,217 ^d	552,170

^a Figures for 1926-1935 from *Statistical Abstract of Palestine*, 1936, p. 27, and for 1936 from Palestine Department of Migration, *Annual Report*, 1936. By visitors is meant here the excess of travellers arriving over travellers remaining.

^b Derived from multiplying the number of travellers by £P. 10, being a rough estimate of the average expenditure per traveller given by the Tourist Development Association of Palestine. The estimate given by the Association is £P. 10-£P. 12½.

^c Estimate

^d Fall in number due mainly to the internal troubles of 1936

CHAPTER III
LAND TENURE

BY

MOSES J. DOUKHAN, O.B.E.
ADVOCATE

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CHAPTER III

LAND TENURE

I. Introductory

The law governing interests in immovables in Palestine is the Ottoman Law of Land as it stood on the 1st November, 1914, supplemented and modified by the legislation of the Palestine Government.

The Ottoman Land Law has its roots in a distant past. In general character it conforms to the Moslem Religious Law, as modified, however, by custom. Its principal rules are to be found stated in the Land Code of A. H. 1274 (A.D. 1858) though this has been supplemented and modified by much later legislation. The Ottoman Civil Code (the *Majallah*) first published in A. H. 1285 (A.D. 1869) also contains much important matter relating to interests in land.

The Land Law of the Turkish Empire applied, in name at least, throughout the whole of the Sultan's wide dominions. In practice its application in the territories more remote from the capital was much modified by local custom. This was certainly the case in Iraq and to a less extent also in Palestine and Trans-Jordan.¹

II. Categories of Land

A. MULK LAND.

The original Arab conquerors of Egypt and Syria did not in general dispossess the existing inhabitants. The land of the conquered countries seems from an early date to have been divided into two main classes, '*Ushrî* Land, (Tithe paying) and '*Kharâjî* Land (Tribute paying). The '*Ushrî* Land, neglecting certain minor distinctions, was land which was delivered over to the Moslem conquerors or which was left to the inhabitants who embraced Islam. Owners of '*Ushrî* Land paid a tithe of one-tenth of the gross yield. The '*Kharâjî* Land was land left in the hands of non-Moslem inhabitants. This was of two kinds. Upon some land the '*Kharâj* (tribute) was *Muqâsamah*, i.e., proportional to the gross

1. Goadby and Doukhan, *The Land Law of Palestine* (Tel Aviv, 1935), Introduction, p. 1.

yield but never less than the *Ushur*. Upon other land the *Kharaj* was *Muwa'za'* i.e. fixed and due from the land as soon as it was fit for cultivation and whether it were actually under cultivation or not. Land of these two classes was in private ownership. It was the property of the proprietor his *Mulk*. With these two classes of land we find that the Code also classifies as *Mulk* —

(a) Sites for houses within towns and villages, irrespective of area and pieces of land not exceeding half dunum situated on the confines of towns and villages appurtenant to dwelling houses

(b) Land made *Mulk* by special grant of the Sovereign. It is these two latter classes of *Mulk* property which are of the greatest importance in Palestine at the present day. But by far the greater part of the cultivated land of Palestine falls under a different category (*Miri*) and is not in the full (*Mulk*) ownership of private persons.

The earliest Moslem law appears to have treated all land in private ownership as *Mulk*. Land of one category or another. But much land in conquered countries remained in the hands of the Sovereign as Commander of the Faithful to whom indeed a certain proportion of the conquered lands was allotted as of right. Furthermore we find it stated that land originally *Kharaji* was not infrequently seized by the Sovereign upon the death of the proprietor and thus passed under his control. Even if heirs presented themselves a difficulty in collecting the *Kharaj* (tribute) might result from the multiplicity of claims and would serve as a pretext for seizure by the State.

The causes resulted in the accumulation of the land in the hand of the State and the extensive Ottoman conquest both of Moslem and Christian lands may be assumed to have led to the same result. In the Ottoman Empire therefore a very large part of the lands of conquered countries belonged to the class of *Amiriyah* (State) Land. Some part of them may have been cultivated directly for the benefit of the Imperial Treasury but cultivation was more usually secured by a system of grants of a temporary nature. The Sovereign could and still can grant out State lands as pure *Mulk* but the practice more usually followed was to give to the grantee a temporary right reserving the ownership (*Ragabah*) to the Treasury. The sacred Law permitted the Sovereign to make grants of the State lands (*Iqtâ*) to private individuals.

This grant of State lands by the Sovereign might either confer on the grantee a right of *Mulk* or simply a restricted and temporary right,

which was, according to the *Shari'ah*, personal to the grantee, and did not pass to his heirs after his death.

It was in accordance with this system that the settlement of Christian lands conquered by the Ottomans appears to have been made.

The grant of conquered lands was frequently made not direct to the peasants but to soldiers and military leaders as a reward for their services and an obligation to serve military service was often attached thereto.³

The holder of *Mulk* Land enjoys full ownership, i.e., all proprietary rights are vested in him.

B. MIRI LAND.

In Art. 3 of the Ottoman Land Code of 1858 we read :—

"State Land, the legal ownership of which is vested in the Treasury, comprises arable fields, meadows, summer and winter pasturing grounds, woodland and the like, the enjoyment of which is granted by the Government.

Possession of such land was formerly acquired, in cases of sale or being left vacant, by permission of or grant by feudatories (*Sipâhis*) or "*Timârs*" and "*Za'amats*" as lords of the soil, and later through the "*Multazims*" and "*Muhassils*".

"This system was abolished and possession of this kind of immovable property will henceforth be acquired by leave of and grant by the agent of the Government appointed for the purpose. Those who acquire possession will receive a title-deed bearing the Imperial Cypher.

"The sum paid in advance (*Mu'ajjalah*) for the right of possession which is paid to the proper official for the account of the State, is called the *Tâbû* fee."

The State Land of which this article speaks is that type of land usually designated *Mîrî* Land in Palestine.⁴

The term *Mîrî* Land is used to mean land over which a heritable right of possession (*Tasarruf*) is granted by the State to a private person, though the ownership (*Raqabah*) remains in the State.

There are no reliable data and there is no record of the *Mîrî* Lands in Palestine, but it is well known that by far the greater part of the cultivated land is of the *Mîrî* category.

The Ottoman Commentators speak of the *Mîrî* holder (*Mutasarrif*) as holding the land from the State under a lease of indefinite duration at

3. Scott, *Law Affecting Foreigners in Egypt*, p. 117.

4. Fisher, *Ottoman Land Laws* (Oxford, 1919), p. 3.

a double rent of which one consists in the *Tabu* payments (*Badal al-Mithl*) and fees payable upon transfer and succession, and the other takes the form of the tithe or taxes or analogous periodical payments (*Ijarah Zanin*)⁵ This is the classical view of the nature of a *Miri* holding

The issue of title deeds (*Qushans*) and the registration of transactions was early entrusted to a department known as the *Daftar Khanah* (Administration of Imperial Registers) which is now represented in Palestine by the Land Registry. The Registry is primarily a Registry of transactions between persons (Registry of Deeds) and not a Registry of transactions with reference to definite plots of land (Registry of Title). Although every devolution of land was by law required to be completed by the grant of new *Qushans* at the *Daftar Khanah* no attempt was made to locate precisely on the ground the area of land to which each transaction referred and index all transactions by reference to a suitable map defining the area. Such a course could not be adopted in the absence of a reliable cadastral survey maintained up to date and this did not exist. Consequently the Registry was primarily personal and not territorial. Under the present Administration an attempt is made to relate a series of transactions to a specified parcel.

Title deeds of *Miri* Land are in form personal only but new *Qushans* will be given gratuitously (without *Tabu* payments and on payments of Land Registry fees only) to assignees and heirs and we may, therefore, say that the rights of a *Miri* holder are assignable and heritable. If there is no heir entitled to succeed under the *Miri* Law of Succession the land should in principle escheat to the State since the limited right having terminated the beneficial interest becomes once more merged in the *Raqabah*. The merger may occur for other reasons also. In particular it is an ancient rule of the Moslem Law that where a person has brought waste land under cultivation with permission of the chief he obtains a property in it but if land be left uncultivated for three years it may be resumed and assigned to another. It is clear it has been stated in Cyprus that the principle of the law is that the possession of *Miri* is granted for the purpose of cultivation and of cultivation exclusively, in order that the State may derive a tithe from the land. Consequently *Miri* Land is in principle cultivable land (*Tarla*) and it is an implied term of the grant that it shall be kept under cultivation.

⁵ Nef'ib Chiba *Traité de la Propriété Immobilière en Droit Ottoman* (Le Caire 1906) p. 129

C. MAHLUL LAND.

The termination of the interests of a holder under a *Tâbû* grant is said to render the land *Mahlûl* (vacant). The State is then free to make a grant to someone else and to exact payment therefor.

But such termination does not necessarily leave the State free to grant the land to any person whom it chooses. Certain persons have preferential rights to obtain a grant by *Tâbû*, i.e., on payment of the *Tâbû* value. So long as these rights exist the land is not pure *Mahlûl*, but is said to be subject to the Right to *Tâbû* (*Mustahiqq Tâbû*).

The State has a right to resume the land if it has remained uncultivated for three years. An act of resumption is necessary and the former holder has a right to *Tâbû*.⁶

In cases when the *Tasarruf* is forfeited for want of cultivation and analogous causes it is the holder himself who is called upon to pay the *Tâbû* Value. Apparently he must promptly exercise his right to *Tâbû*. If he does not do so the land becomes pure *Mahlûl*.

In cases where the *Tasarruf* comes to an end by reason of failure of succession under the law of inheritance, rights to *Tâbû* are given in succession to :—(a) those who have inherited *Mulk* trees or buildings on the land; (b) co-owners; (c) inhabitants of the village in which the land is situated.⁷

The law of inheritance governing *Mulk* interests differs from that governing *Mîrî*. A *Mîrî* holder may own as *Mulk* the trees and buildings on his land.

Since the Law of 1331 the most important remaining differences between *Mîrî* and *Mulk* are therefore as follows :—

Mîrî now cannot be left by will and descends according to a special law of succession. 2. *Mîrî* cannot be made *Waqf*. 3. *Mîrî* is subject to tithes.

The growth of towns and villages in modern Palestine leads to a great increase of non-agricultural *Mîrî*, assuming that *Mîrî* is not changed automatically into *Mulk* by the extension of urban boundaries. It is very undesirable that land formerly *Mîrî* should be made *Mulk* since it might lead to an increase of *Waqf* in Palestine.

Mîrî Land cannot be transmuted into *Mulk* save by express permission of the Sovereign. Recent legislation has been enacted in Palestine enabling the High Commissioner, if he thinks fit, by order under his hand to be

6. Goadby and Doukhan, *op. cit.*, p. 19.

7. *Ottoman Land Code*, Art. 59, as amended by the Law of the 17th Muharram, A. H. 1284.

published in the Gazette to convert such land in Palestine of the category termed "*Miri*" as may be described in such order, into land of the category termed "*Mulk*". By recent legislation it is provided that "*Miri*" Land which is or may become "*Mahlul*" under the provision of the Land Law may, subject to the rights of persons having a right of "*Tabû*" be declared by the High Commissioner to be Public Land within the meaning of Art. 12(1) of the Palestine Order in Council 1922. If such a declaration is made the land clearly remains at the disposition of the State and need not be put up to auction.⁹

It is however to be noted that the declaration of land as public land is expressly stated to be subject to the rights of "*Tabû*". No doubt if it is known that there exist persons having a right of "*Tabû*" the land will not be declared public land until their claims have been disposed of in accordance with the provision of Sec. 4(1). There is nothing in the Ordinance to affect the "*Tabû*" rights of those to whom the land has been offered. These therefore continue to be exercisable during the prescribed periods notwithstanding the fact that the lands have been declared public lands.

The "*Tabû*" value is fixed by a special Commission but the so fixed value is subject to review by the Director of Lands whose decision is final.

Some provisions for the notification to the authorities of land which has become "*Mahlul*" were made by the Turkish Law ("*Tabû*" Law, Art. 20), but further provision has been made by the "*Mahlul*" Land Ordinance, 1920.¹⁰

D. MAWAT LAND

The following definitions or descriptions of the nature of "*Mawat*" Land have authority —

Dead land ("*Mawat*") is land which is occupied by no one and has not been left for the use of the public. It is such as lies at such a distance from a village or town from which a loud human voice cannot make itself heard at the nearest point where there are inhabited places, that is a mile and a half, or about half an hour's distance from such. (Land Code, Art. 6)

The expression dead land ("*Mawat*") means vacant ("*Ahâlî*") Land, such as mountains, rocky places, stony fields, "*pernalliq*" and grazing ground,

⁸ The Palestine (Amendment) Order in Council 1933 added a new article (16A) to the Palestine Order in Council 1922 to this effect.

⁹ The Land Law (Amendment) Ordinance 1933 Sec. 3.

¹⁰ Doukhan *Laws of Palestine* 1918-1925 Vol. I, p. 303.

which is not in the possession of anyone by title-deed or assigned *ab antiquo* to the use of inhabitants of a town or village, and lies at such a distance from towns and villages from which a human voice cannot be heard at the nearest inhabited place. (Land Code, Art. 103).

"*Arâdi-mawât*" are those lands which are not the *Mulk* property of anyone, and are not the grazing ground of a town or village, or for their collecting firewood, that is to say, the locality in which the inhabitants of a town or village have a right to cut firewood, and are far from the distant parts of a village or town, that is to say, the shouting of a person who has a loud voice cannot be heard from the houses which are the extreme limit of the town or village. (*Majallah*, Art. 1270).

The description of *Mawât* Land given in these authorities is of a primitive character.

Art. 103 of the Land Code provided in its last paragraph that if a person cultivated *Mawât* Land without authorisation he should pay the *Tâbû* value (*Badal al-Mithl*) and might be given a *Tâbû* grant. It was held in the Cyprus case of Kyriako V, Principal Forest Officer, that the making of such a grant was discretionary. In Palestine, the *Mawât* Land Ordinance, 1921, provides that not only has the person who breaks up *Mawât* without authorisation no legal right to a *Tâbû* grant but that he is doing a wrongful act and will be treated accordingly.

This Ordinance repeals the last paragraph of Art. 103 of the Land Code and substitutes the following provisions :—

"Any person who without obtaining the consent of the Administration breaks up or cultivates any waste land shall obtain no right to a title-deed for such land and, further, will be liable to be prosecuted for trespass."

An exception was, however, made in the case of persons who had broken up *Mawât* before the Ordinance, the Ordinance providing as follows :—

"Any person who has already cultivated such waste land without obtaining authorisation shall notify the Registrar of the Land Registry within two months of the publication of this Ordinance and apply for a title deed."

Art. 104 recognises a general right for the public to cut wood for fuel or building where the woodland is not specially allotted for the use of a particular town or village, and, of course, is not private property, and various articles of the *Majallah* make reference to the right of the public to take plants, etc., growing on the land which belongs to no one. (*Majallah*, Arts. 1241, 1243, 1256, 1259).

These provisions as also those of Land Code, Art 104, must, however be read subject to any special legislation relative to forest lands

This Article appears intended merely to make clear that grazing land adjacent to a village over which *ab antiquo* usage or definite allotment for the use of the village as village *Matrukah*, cannot be established, is open to all comers for grazing purposes though the State may in the case of strangers collect a fee. Although the terms of the Article are imperative it should not be assumed that the villagers have a right against the State to prevent enclosure of *Ollak* grazing ground or its grant by *Tebu* as *Miri*. The object of the Article is not to secure a right but to establish a distinction between the villagers and strangers as regards exaction of a fee 11

The exact areas of *Ma'at* Land are not known. It may be said that practically the whole of the unoccupied part of Palestine is of the *Ma'at* category. Roughly speaking there are about 12 000 000 dunums of *Ma'at* Land in the Beersheba Sub District and about 3 000 000 dunums in the hills

E. MATRUKAH LAND

Land left for the use of the public (*Matrukah*) is of two kinds — (1) that which is left for the general use of the public, like a public highway for example (2) that which is assigned for the inhabitants generally of a village or town or of several villages or towns grouped together, as for example pastures (*Mar'as*) (Land Code Art 5)

It is perhaps not strictly accurate to classify *Matrukah* Land as land differing in class from *Miri*, *Mulk* and *Ma'at*. It remains somewhat uncertain whether so called *Matrukah* Land is not really only *Miri* or *Mulk* Land subject to certain public or communal rights which prevent its use for any other purpose

The *Matrukah* assigned for the inhabitants of a village or town or of several villages or towns is sometimes termed '*Mirafiqah*' or subject to a servitude. Several examples of *Matrukah* of this class are mentioned in the Land Code

The trees of the woods and forests called '*Baltaliq*' assigned *ab antiquo* for the use and for the fuel of a town or village shall be cut by inhabitants of such town or village only, no one of another town or village can cut wood there. So also with regard to woods and forests assigned *ab antiquo* for the same purpose to several towns or villages, the inhabitants

of such places alone shall cut wood there and not the inhabitants of other places. No due shall be taken in respect of such woods and forests. (Land Code, Art. 91).

Baltaliq (*Balta*, an axe) are literally woods fit for the axe. The villagers enjoy an exclusive right and, as is clear from the Addendum of A.H. 1293, they can maintain an action for wrongful appropriation (*Ghasb*) against any person who unlawfully cuts wood in the *Baltaliq*.

The Forest Ordinance, 1926, makes no specific mention of *Baltaliq*, though Sec. 6(2) regulates the taking by villagers of forest produce within a forest reserve in pursuance of a legal right or custom.

New *Matrûkah*, under Sec. 9 of the Sand Drifts Ordinance, 1922, is land reclaimed by villagers under the provisions thereof, and which is to be applied as *Matrûkah* for the benefit of the inhabitants of the villages which carried out the work. Such land can apparently be applied for whatever purposes it is most suitable, either under Land Code, Arts. 2, 96, 97, or as public *Matrûkah* under Art. 94.

It is also open to the Government to grant *Mawât* Land as *Matrûkah* to a village for the benefit of the inhabitants as a whole.¹²

F. PUBLIC LANDS OR STATE DOMAIN.

The fundamental characteristic of Public Lands is that they are subject to the control of the Government.¹³

Under the Law of Palestine all rights in or in relation to any Public Lands shall vest in and may be exercised by the High Commissioner for the time being in trust for the Government of Palestine.

This applies also to all mines and minerals of every kind and description whatsoever being in, under, or on any land or water, whether the latter be inland rivers or seas or territorial waters.¹⁴

The right of disposition of Public Lands or mines is vested in the High Commissioner who may make grants or leases of any Public Lands or mines or minerals or may permit such lands to be temporarily occupied on such terms or conditions as he may think fit. Provided that such

12. Goadby and Doukhan, *op. cit.*, pp. 52-60.

13. Palestine Order-in-Council, 1922, Art. 2. The Treaty of Peace (Turkey) Amendment Ordinance, 1926, adds Article 60 of the Treaty of Lausanne to the Schedule of the Treaty of Peace (Turkey) Ordinance, 1925. Article 60 of the Treaty of Peace (Turkey) Ordinance, 1925. Article 60 of the Treaty of Lausanne provides that the states in favour of which territory is detached from the Ottoman Empire by the Treaty shall acquire without payment all the property and possessions of the Ottoman Empire situated therein.

14. Palestine Order-in-Council, 1922, Art. 12 and 13.

grant or disposition shall be in conformity either with some Order-in-Council or Law or Ordinance in force in Palestine, or with such instructions as may be addressed to the High Commissioner under His Majesty's Sign Manual and Signet, or through a Secretary of State, for the purpose of executing the provisions of the Mandate.

The term Public Lands appears to include only such land as the state exploits or is free to exploit in such way as it pleases, uncontrolled by any law or custom determining the methods of exploitation. In this sense it would not include the *Raqabah* in *Miri* or *Matrukah*. *Matruk* Land is however strictly part of the Public Lands, for, indeed, the term *Matruk* really denotes a method by which uncultivated land may come under cultivation rather than a species of land holding or land user.

Public Lands may be considered under the following seven heads —

1. *Miri* which has become *Mahlal*

2. *Jiftlik* (*Misda'warah*) Lands. *Jiftlik* is derived from the Turkish words meaning double *Jiftlik*, in Law, means a tract of land such as needs one yoke of oxen to plough it, which is cultivated and harvested every year. But ordinarily speaking *Jiftlik* means the land of which it is comprised the buildings thereon as well as the animals, grain implements, yokes of oxen, and other accessories, built and procured for cultivation.

In Palestine there exist farms formerly belonging to the Sultan as his private property and at a later date taken over by the Ottoman Government as part of the State Domain. They are usually termed *Muda'warah* Lands (i.e. turned round hence transferred) because they were transferred from the Sultan to the Treasury after the Turkish Revolution of 1908. The history of these lands is obscure. It is said that many years ago the holders of lands, presumably *Miri* on the confines of Palestine, particularly in the Ghor and in the neighbourhood of Rafah, suffered much from the inroads of nomadic Bedouins. They, therefore, arranged to transfer their holdings into the name of the Sultan, so that they might become Crown Lands. This was thought to make them more secure as the Bedouins would refrain from interfering with the Sultan's own property and the events proved this surmise correct. The former holders were retained as tenants and they paid in addition to tithe what would have been due from them as possessors of *Miri*, a further 1/10 of the produce, the whole payment being popularly known as *Khums* (the fifth).

The account of the origin of the *Muda'warah* Lands is not, however, fully borne out by official statements of the Ottoman authorities. These

appear to show that the cultivators, owing to their fear of Arab incursions deserted the villages and left the lands uncultivated. They consequently became *Mahlûl*, but were withdrawn from auction and allotted to the Sultan 'Abdul-Hamid and registered in his name. Whatever may have been the origin of the arrangement, it is at least a fact that it still prevails and is continued by the present administration with modifications.

In the case of certain *Mudawwarah* Lands situated in the Jordan Valley, it has, however, been arranged that the legal *Tasarruf* should be transferred to the actual cultivator under an agreement made the 19th November, 1921. This agreement provides for a settlement of the lands, in accordance with its provisions upon the basis that the present cultivators shall become *Mîrî* owners.¹⁶

Although the greater part of cultivated land in Palestine is *Mîrî* Land held under *Tâbû* grant or is *Mudawwarah* Land, there remains, particularly in the South (Beersheba Sub-District), a considerable stretch of country which is cultivated at intervals by semi-nomadic tribes, but of which the tribesmen have not been given possession by *Tâbû* grants.¹⁷

3. Mines and minerals. The *Mîrî* holder has rights in the surface only and is not owner of the mines and minerals under the land. These latter are the property of the State and fall within the Public Domain. Properly speaking land subjacent to a *Mîrî* surface appears, therefore, to form part of the Public Lands as being "subject to the control of the Government of Palestine".

The view has been advanced that the Palestine Order-in-Council, 1922 vests in the High Commissioner not only minerals in or under Public Lands, including *Mîrî*, but also minerals under *Mulk*. The terms of Sec. 35 of the Mining Ordinance 1925, however, show that the rights of the *Mulk* owner in the minerals are still recognized by the State.

4. Forest reserves. Forest land which is not private property may in one sense be said to fall within the class of *Mawât*, unless, at least, it is covered by trees grown for timber. The forests of the Turkish Empire were divided into four classes :—(1) State forests, (2) *Waqf* forests, (3) Communal forests (*Baltalîqs*) and (4) Private forests. State forests were regulated by an elaborate *Réglement des forêts* of 1870, which also contained some provisions as to *Baltalîqs*. The subject is now dealt with in Palestine by the Forests Ordinance, 1926-1928 which provides that no

16. *Palestine Gazette*, No. 388, of 14.9.1933. See Doukhan, *Laws of Palestine*, 1933, pp. 35-40.

17. *Tâbû* grants can only be made to determinate persons. (*Land Code*, Art. 8).

other laws or regulations concerning forestry are to be applicable in Palestine

Forest lands not being private property may by proclamation of the High Commissioner be brought under the control and management of the Government is. Thereafter the provisions of the Ordinance apply to them. These provisions are directed to secure the care of the forests and their exploitation in accordance with sound principles of forestry.

Forest lands which are private property may also be taken under the protection of the Government and are then deemed to be Forest Reserves within the meaning of the Forest Ordinance, but such reserves do not of course fall within the scope of the State Domains, though subject in all respects to the restrictions as to management, creation of new rights thereon powers of disposition etc., provided by the Ordinance as to Forest Reserves generally.

5 Land and buildings the property of the State by purchase. Within the category of Public Domains must also be placed land and holdings the property of the State by purchase or otherwise used and exploited directly by the State. Such property is not *Matrukah* because it is not subject to public or communal rights nor is it *Mawat* because it is already developed and not left open to access. This class includes Government Buildings Harbours Experimental Farms and the Railway premises. We may also place under it expropriated archeological sites and the like. This class includes *Miri Mahlil* which has been declared to be Public Land and any land which is *Mirk* in the hands of the State by purchase or escheat or other form of appropriation. If the State expropriates or buys the *Tasarruf* of a *Miri* holder the land appears thereafter to be *Mulk* of the State.

6 *Mawat* Land

7 Land and water of the *Matrukah* class

The exploitation of State Domain is regulated by a Public Notice of 23rd June 1920 and Public Lands Ordinance, 1926, conferring certain powers of management on the Director, Department of Lands. The cultivators of State Domain are holding the land under agreements of lease—as State tenants.

The Mandatory in Syria has made much more complete provisions as to the Public Domain by Decrees (*arretes*) of 10th June, 1925 (*Domain Public de l'Etat*) and 5th May 1926 (*Domain privé de l'Etat*). In these

Decreases the various species of public lands and public rights in land and water are classified and their exploitation regulated.

There is no complete record of State Domain. There is about 1,036,000 dunums already registered in the Government records as Public Lands. Additional areas of State Domain will undoubtedly be ascertained during land settlement operations. Many areas, it is presumed, now known as *Mawât* Lands will in due time be registered as State Domains. Memorandum No. 37 prepared for the use of the Palestine Royal Commission summarizes the position of State Domain as follows:

	Dunums	
(a) Ghor Mudawwara Land Agreement :		
Alloted to Arabs less area purchased	232,449	
(b) Area held by Arabs with hereditary assignable interests	156,303	
(c) Area held by Arabs on lease etc.	143,645	532,397
(d) Area held by Jews	175,545	
(e) Area under negotiation with Jewish organizations	29,290	204,835
(f) Area leased etc. to other bodies		2,258
(g) Area owned and occupied by Government and the Forces, including roads, etc.		81,700
(h) Settled area available	147,295	
(j) Non-settled area available	67,328	214,623
		1,035,813
(k) Sand dunes being claimed at Land Settlement		227,684
Total		1,263,497

III. Waqf

The institution known as *Waqf* is peculiar to Moslem law. In its effects and incidents it bears a resemblance to the Trust of English Equity, but there are striking differences.

Where a *Waqf* is made of property, we are told : "the proprietary right of the grantor is divested and it remains thenceforth in the implied ownership of the Almighty. The usufruct alone is applied for the benefit of human beings and the subject of the dedication becomes inalienable

and non heritable in perpetuity¹⁹ Such dedication must be for a pious purpose Every object which tends to the good of mankind, individually or collectively is a pious purpose A dedication to a mosque signifies the support of a place of worship for human beings to a caravanserai, the maintenance of a place of rest for travellers Similarly, a provision for one's children and descendants kindred or neighbours, is a pious object under the Moslem Law

It is important to note that no *Waqf* can be created of land in Palestine otherwise than by will unless the settlor has first obtained the written consent of the Government²⁰ The Civil Courts would, therefore, treat as void any *Waqf* of land created since this Ordinance without such consent It seems however, that the necessary consent will be given on application provided that the settlor shows that he has a *Mulk* title to the land concerned

The general effect of dedication of land or other property as *Waqf* is that it is thenceforth immobilized The dominant results of dedication are well brought out in the following statement quoted from a learned writer

The constitution of *Waqf* consists of an irrevocable and perpetual gift of the enjoyment of property capable of immobilization and made inalienable as the result of such constitution The gift must be made for some religious or charitable purpose but there may be prior provision made for benefits to be enjoyed by persons designated by the settlor, either from among the members of his family and descendants or from among strangers without regard to the general law of inheritance The beneficiaries obtain their successive rights to enjoyment of the property dedicated directly from the settlor²¹

The feature of *Waqf* law which is of most importance for the purpose of the Land Law is the inalienable character of property dedicated as *Waqf* It is this peculiarity which leads to the strange institutions known as *Hikr* and *Ijratayn* which are in effect legal devices for escaping from the grave inconveniences which necessarily result from the rule of inalienability

An apparent exception to the rule of inalienability permits *Waqf* property to be exchanged for other property, or even in some cases to be sold provided that the sale price is invested in the purchase of other property which becomes thus dedicated as *Waqf*

19 Sayid Amir Aly *Student's Handbook of Mohammedan Law* p 2

20 Land Transfer Ordinance 1920 Sec 25

21 Lale in *Egypte Contemporaine* I p 604

Statutory powers of expropriation of *Waqf* property are, however, given in Palestine Ordinances. Following a well established Turkish tradition, jurisdiction over *Waqfs* has, therefore, been left to the Moslem Courts and, in accordance with the policy generally adopted, a similar jurisdiction over Jewish and Christian religious endowments has been left to the Rabbinical and Patriarchal Courts respectively.²² Religious jurisdiction, however, exists in general both as to question of *constitution* and as to internal administration, but (a) the Moslem Courts have no jurisdiction unless the *Waqf* was created for the benefit of Moslems and before a Moslem Court; (b) the Jewish Courts have no jurisdiction unless the *Waqf* or religious endowment was constituted before the Rabbinical Court according to Jewish law; (c) the Christian Courts have no jurisdiction unless the *Waqf* or religious endowment was constituted before the Religious Court according to the Religious law of the community if such exists.²³

It is, however, of great importance to note that where land is claimed as *Waqf* and the claim is denied, the issue is *within* the jurisdiction of Civil Courts.²⁴

Although a true dedication (*Waqf Salih*) by the way of *Waqf* is only possible in the case of *Mulk*, a very important modification of the law permits a kind of untrue or customary dedication of *Miri* interests. Such dedication is untrue (*Ghayr Sahih*) because it is not in accordance with the Sacred Law, it is also known under the name of "*Waqf Takhsîsât*".

Waqfs of *Takhsîsât* category are classified as follows :—

(1) Lands of which only the tithes and taxes (*rusûmât*) have been dedicated and consecrated by the Government, while the right of possession (*Tasarruf*) over them, as well as the ownership (*Raqabah*), belong as before to the *Bayt el-Mâl*. The tithes and such taxes as the tax on grant or inheritance and the price of unowned land (*Mahlûl*) belong to the dedication of the first kind.

(2) Lands of which the tithes and taxes belong as before to the *Bayt el-Mâl* and only the right to their possession has been dedicated and assigned to some object by the government.²⁵

(3) Lands of which both the right of possession as well as the tithes and taxes have been dedicated and assigned to some object by the government.

Various circumstances led to the transformation of many *Ijârah*

22. Palestine Order-in-Council, 1922.

23. Palestine Order-in-Council, 1922, Art. 52, 53, and 54.

24. Jurisdiction of Civil and Religious Courts Ordinance, 1925, Sec. 5.

25. Omar Hilmy, *The Laws of Waqfs*, p. 3.

Wahidah Waqfs (i.e., *Waqf* property let on *Ijarah Wahidah*) into *Ijaratayn* (or double rent). When it has become necessary to extend the time of possession of the tenant of *Waqf* properties, it was decided that the system should be that where a person desired to have the occupation and enjoyment of a place which was *Waqf* property, it should be given into his possession after having paid the *Waqf* a small sum of money called the *Ijarah Muajjalah* with the condition of his paying each year something to be called the *Ijarah Muajjalah* and that repairs should fall upon him and whatever he should build with the permission of the *Mutawalli* should be a free gift to the *Waqf*.

Moslem rulers permitted their Christian and Jewish subjects to dedicate property as *Waqf* and by the tolerance of the Ottoman rulers *Waqfs* created by Jews or Christians were not left under the supervision of the *Waqf* Administration but were placed under the supervision of the Head of the Religious Community concerned. They were (*Mustathnah*) exceptional. Such *Mustathnah Waqfs* remain free from the jurisdiction of the Moslem Courts only *Waqfs* created for the benefit of Moslems are subjected to such jurisdiction.²⁶

Waqfs and Religious Endowments under the jurisdiction of Moslem or other Religious Courts may be transformed into Charitable Trusts. The institution of such Trust is designed to enable persons to devote property to charitable uses otherwise than under the Religious Law. All such Trusts are subject to the jurisdiction of the Civil Courts only.

Special powers as to expropriation of *Waqf* property will be found in the Expropriation of Lands Ordinance 1926 and in the Acquisition of Land for Army and Air Force Ordinance 1925. The grant of mining leases or mining rights in *Waqf* property are regulated by the Mining Ordinance 1925.

Charitable trusts may be declared by will during life by a signed written instrument and must be notarially executed.²⁷

There is no record of the extent of *Waqf* land and there are no reliable estimates.

IV Masha Land or Communal Ownership

The ownership of immovable property by two or more persons jointly is fully recognized by the Ottoman Law.²⁸ Its frequent occurrence in

²⁶ Palestine Order in Council 1922 Art. 52

²⁷ Charitable Trusts Ordinances 194-1925

²⁸ The joint ownership of Ottoman Law is analogous to that known to English lawyers as *Tenancy in Common*. The joint owners are each owners of a separate

Palestine is due to many causes, which resulted in the prevalence in Palestine of a system of customary joint ownership known as *Mashâ'*. This system is often described as a system of communal ownership, and the lands held in *Mashâ'* are said to be owned by a corporate body, usually a village, and to be temporarily partitioned among the individual member of the corporation, redistributions taking place periodically.²⁹

There are fundamentally two forms of title to a share in the *Mashâ'* Land of a village :—

The commoner form of title apparently arose as follows: At some date beyond the memory of living men the *Mashâ'* Land of a village was divided into a number of shares (*ashum*), one or more of which was assigned to each male member of the village. Very possibly these shares were let out by *Shaykhs* or Headmen in return for a portion of the produce. On the death of the original assignees, his heirs inherited his *Sahm*, each being entitled to a fraction of the *Sahm* determined by the number of the heirs. In each succeeding generation the process was repeated. Sometimes by purchase or other means two or more shares might be amalgamated. Hence at the present time a man may be entitled, for example, to $1/17$ of $3/23$ of $2/9$ of a *Sahm*. It is said that the full denominator of such a fraction sometimes contains ten figures.

Theoretically females are entitled to share in the inheritance, but in practice they are usually induced to waive their rights. The reason for this practice is that, if females were given their due shares, these shares would often pass by marriage to strangers.

There is a common variation of this system. In each village there are usually several "*Hamâyil*", a term which may perhaps be rendered as "Clans". Often each *Hâmûlah* has a fixed area of land allotted to it which is divided among the members of the *Hâmûlah* in the manner described below. Thus in all but name, the *Mashâ'* system ceases to apply to the village as a whole and comes to apply only to the different *Hamâyil* of the village

The rarer form of title is based on the present alone. Every male—from the new-born babe to the old man on the brink of the grave—alive in the village on the day of partition is entitled to a share of the *Mashâ'*

undivided share of the property, that is to say, each entitled to a share in every part of the property. Each joint owner, therefore, holds his share on a separate title, and the share may be separately alienated and separately inherited. This type of joint ownership must be carefully distinguished from the true "joint tenancy" of English Law.

29. Report of the 1923 Commission as to the Partition of *Mashâ'* Land in Palestine. This report is referred to in Goadby and Doukhan, *Land Law of Palestine*, p. 208 ff.

Land It is obvious that, under this communistic arrangement, the amount of each share is constantly changing, and that sales or permanent partition are alike impossible.

The *Masha* Land of most villages exhibits different qualities. Some is plain land, some is hill land, some is near the village, some is distant, some is reserved for winter crop, some for summer crops, and so on. It is, therefore, usual to divide the whole of the *Masha* Land into a number of *Masraq* (sites) in each of which the *Hamulah*, family or individual is allotted the due number of shares.

When the *Salm* system is followed, repartition is effected by agreement or by lot. There seems to be no evidence of repartition by rotation. In partition no account is taken of the subdivisions of a *Salm*. The *Salm* as a whole is assigned an area and the co-owners divide that area among themselves. Usually their shares are situated always in the same position relative to one another.

There is however another system, the so called "*Dhukâr*" (males) system. When this system is followed it is usual to put up to a sort of auction the different plots into which it has been found convenient to divide the village land. The entitled males group themselves as they like into parties each under a leader and the largest party declaring its claim to be satisfied by any given plot is awarded that plot. Each party then sub-divides its plot by agreement or by lot.

The intervals between partitions usually range from one to five years, but occasionally extend to nine years. In some villages the last partition was made a number of years ago and by common consent is regarded as permanent. In some of the villages the permanence of the partition has been reinforced by prescriptive rights acquired through uninterrupted possession for a period of ten years.

Usually exsangu holders are responsible for the shares of absentees or minors but they might have difficulty in securing their rights later on.

The Provisional Law of 14 Muharram A.H. 1332 unified and simplified the law of partition of *Mulk*, *Miri* and *Maqfah* land and for the first time gave to every co-owner a right to obtain a partition, following the French principle *Nul ne peut être contraint à demeurer dans l'indivision*. 30

The purpose of the Provisional Law is primarily the regulation of the process of partition. It does not affect the provisions of the *Majallah* which remain in force so far as they are not inconsistent with those of the

Provisional Law; indeed the Provisional Law itself assumes the existence of the *Majallah*.

The obvious intention of the legislator was to facilitate and secure partition. Joint ownership of land is generally uneconomical and checks development. Thus the Law definitely provides that the right to apply for partition shall not be restricted by any previously existing contract though the co-owners may agree to delay partition for not more than five years.

The actual partition is to be made by dividing up the land into distinct shares of equal value so far as may be and then drawing lots for the shares. Adjustment of value may be made by cash payments. Recourse will not frequently be made in the case of buildings and structures to sale by auction of property claimed to be incapable of partition. Experts are appointed to determine the market value of the share of any co-owner who so claims which is then to be offered at that price to the other co-owners. If none of them will take the share at the price fixed the property as a whole is sold through the Execution Office. Further provisions relate to the steps to be taken if no bidder for the totality be forth-coming, in which case the co-owner whose share is in question may sell to a third person and the other co-owners forfeit their right of pre-emption.

The institution known as *Muhâyaah* (partition of benefit) was more particularly of use in the case of jointly owned property incapable of partition. It is regulated by Art. 1174 ff. of the *Majallah*. The partition of benefit may provide that each of the joint owners shall be entitled to use the whole property for a successive fixed period or that each of them shall be entitled to use a specified part of the property. Partition of benefit could be ordered by the Court in the case of objects incapable of partition and once made could only be annulled by agreement of all the co-owners unless one of the co-owners wishes to sell his share or obtain a partition of the property. The partition of benefit is not avoided by the death of one or all of the co-owners. Partition of benefit cannot be allowed in the case of *Miri*.³¹

There is no record of the extent of *Mashâ'* Land in Palestine.

V. Protection of Agricultural Tenants

Provision for the protection of agricultural tenants was not directly made by the Ottoman Law. Under the older rural economy the cultivator

31. *Land Code*, Art. 15. An Imperial *Irâdah* of 1st Sha'bân, A.H. 1296 permits judicial partition of benefit of *Ijâratayn* property subject, however, to the consent of the *Mutawallî* of the *Waqf*.

was as he still in most cases is, a holder of *Tabû* grant from the State and his rights and duties were regulated not by the Law of Hire but by the special *Miri* Code

In more recent years however, land is to an increasing extent cultivated by tenants holding under landlords usually in accordance with common understandings under which tenants pay a varying share of the produce known as *Phams*

Agricultural tenants have in Palestine appeared the most to stand in need of special protection against eviction from their holdings and particularly so when a change of landlord has taken place by the sale or the reversion of the land. In the very early days of the Mandatory regime steps were taken to protect the sitting tenant of land upon a sale thereof.³²

Experience shows that where existing tenants of land were left on the land by the purchaser of the estate they did not normally stay on the land but disposed of their rights to the purchaser or contracted out of their rights of receiving land in consideration of money compensation. The tenant therefore become liable to eviction even without notice. Legislation was therefore introduced on the lines in force in England and elsewhere giving protection to agricultural tenants from sudden eviction by requiring a due period of notice save in cases where the tenant fails to pay the rent or misuses the land and securing to the tenant compensation for improvements which he carried out during his tenancy and which are not exhausted and furthermore providing that a tenant of long standing who is required by the landlord to leave his holding is entitled to a further compensation.

Protection is afforded in several ways (1) The landlord's rights to determine the tenancy and evict the tenant is regulated and restricted (2) Security is given against disturbance following upon sale or mortgage of the reversion (3) The tenant who is evicted is in certain circumstances to be given compensation for disturbance (4) A tenant is given a right to be compensated for improvement (5) The right of the landlord to increase rent is restricted.³³

It should be noted that special protection is given only to cultivating tenants of *Miri* and *Miri Waqf* tenants of *Mulk* and *Mulk Waqf* do

³² Transfer of Land Ordinance 1920-1

³³ See Protection of Cultivators Ordinances 1933-4. The provisions of the Ordinances are in part united by the English Act and to a considerable extent use its phraseology. In particular those relating to compensation are based on the English Agricultural Holdings Act and though their purpose is not in all respects the same reference appears also to have been made to the English Increase of Rents Acts.

not come within the definition of "statutory tenants"; to all such tenants the provisions of the *Majallah* alone apply.

A person, family or tribe, occupying and cultivating a holding otherwise than as owner thereof is "statutory tenant" thereof. The term is enlarged to include a wife or relative who has cultivated with the knowledge of the landlord and also agricultural labourers hired by the landlord who receive as remuneration a portion of the produce of the holding. It also includes the heirs of a "statutory tenant".

A "holding" is defined to mean a plot of *Mîrî* Land (or *Mîrî Waqf* Land) occupied and cultivated by a tenant and includes land held in undivided ownership. The Protection of Cultivators Ordinances as a whole, appear to assume throughout that the tenant cultivator of *Mîrî* Land in Palestine normally holds either at will or for short periods, such as a year, only.

If the tenant has not paid all rent due in respect of the holding within a reasonable time he has no claim to provision of a "subsistence area" nor to compensation for disturbance and has a claim only to compensation for improvements.

The most remarkable provision of the Ordinances dealing with the protection of tenants are those which require that the statutory tenant who has paid his rent shall be furnished with a "subsistence area" unless, in the opinion of the High Commissioner, he in fact has such. The burden of providing a subsistence area falls upon the evicting landlord, though he need not provide such area necessarily upon his own land. The area and situation of subsistence areas are determined by a Board subject to the approval of the High Commissioner. The position of the tenant of a subsistence area is somewhat peculiar and varies from that of an ordinary tenant, though tenants of subsistence areas appear clearly to fall within the definition of statutory tenants and, therefore, to be entitled to all the rights of the statutory tenants so far as the contrary is not provided. The security enjoyed by a tenant of a subsistence area is, however, greater even than that of an ordinary statutory tenant, since he cannot be evicted save with the approval of the High Commissioner. Indeed he is spoken of as having a "tenancy right" which, however, cannot be sold or mortgaged, save that with the approval of the High Commissioner given on the recommendation of a Board, it may in certain limited circumstances be surrendered to the landlord. The heirs of the tenants succeed to the same rights and liabilities.

A statutory tenant who vacates the holding or is evicted is entitled

to compensation for disturbance. The compensation is to be assessed by a Board and is to consist of a sum representing such loss or expense directly attributable to the quitting of the land as the tenant may unavoidably incur in connection with the sale or removal of his movable property.

The only express exceptions to the general rule that compensation is due to every statutory tenant who vacates in pursuance of a notice are the following —

(a) Where the landlord has made the tenant an offer in writing to withdraw the notice to quit and the tenant has unreasonably refused or failed to accept the offer or

(b) If the claim for compensation is not made within three months from the date at which the "statutory tenant" quits the land.

A tenant who has grossly neglected his holding and who has therefore become liable to eviction on three months' notice does not (seem) thereby lose his right to compensation for disturbance. Indeed these tenants are given a special right to compensation for the way going crop which is to be assessed by a Board. This right is not extended to tenants who receive a year's notice since in their case the crop will have surely been reaped before the notice expired. Similar provisions are made as regards tenants for subsistence areas. Such tenants who have grossly and wilfully neglected their area are liable to eviction on the recommendation of a Board.³⁴

The provisions as regards compensation for improvements follow in principle and to a considerable extent indeed, reproduce the wording of the English Agricultural Holdings Act, 1923 which reproduces earlier English legislation. The basis of the compensation is to be the sum which represents the value of the improvements to an incoming tenant', and benefits given or allowed by the landlord to the tenant are to be taken into account.

It is to be remarked that the landlord of a 'statutory tenant' cannot get an order of eviction until the compensation for improvements, like the compensation for disturbance, has not only been referred to and decided by a Board but has actually been paid into the hands of the Notary Public.

³⁴ It should be borne in mind that Art. 526 of the *Majallah* gives a tenant vacating land on which are immature crops a right on payment of an estimated rent for the land, to enter to reap the crops when ripe. Art. 531 of the *Majallah* gives to every tenant of land a right to claim compensation in respect of buildings and trees erected or planted by him during the tenancy if the landlord does not desire their removal. The compensation to be paid is to be the equivalent of the "value" whatever that may be.

A landlord cannot increase the rent of a holding without the sanction of a District Officer. Apparently there is no appeal from the decision of a District Officer though on general principle, his decision could be questioned on suspicion of bad faith.

No eviction order can be made against any person who has exercised, by himself or his agent, habitually at the appropriate seasons for not less than five consecutive years within a period of not more than seven years prior to the date when application is made for any such order, a practice of *grazing or watering* animals or the cutting of wood or reeds or other beneficial occupation of similar character on the land whether by right, custom, usage or sufferance, unless the landlord satisfies the court or judge or execution officer that the High Commissioner is satisfied that provision of equal value has been secured towards the livelihood of such person.

Clearly it is the peculiar and somewhat undefined nature of rights to land in Palestine which alone makes such a provision necessary. The persons protected are not tenants but are in actual enjoyment of what English lawyers would be inclined to term a prescriptive right of common of pasture "in gross". Their claim to graze animals, etc., is not, it should be remarked, recognized as a legal right. Even where it is a claim of right it may be over-ridden if the High Commissioner is satisfied that provision such as is required has been made for the livelihood of the claimant. The question as to whether the claim is one of right or of sufferance becomes immaterial, the whole emphasis being laid upon the need of the particular individual. In this respect the provision may be said to be the most striking of all the provisions dealing with the protection of tenants.

VI. Taxation of Land

It is not easy to separate the payments which the Ottoman Government received from landholders in its proprietary capacity from those which it received by way of taxation.

The proprietary right of the State in *Mîrî* Land secures to it payments (*Tâbû* fees) by the grantees on admission. The term *Tâbû Mithl* or *Badal al-Mithl* (equivalent value) are employed to designate this "fee". This is the *Mu'ajjalâh* (payment in advance) made for the grant of the *Tasarruf*.

The *Tâbû Mithl* is payable whenever the State makes a new grant by *Tâbû* of the land; and only then. It may be paid by a person exercising a Right to *Tâbû* or by a person to whom a grant of *Mawât* is made

where he is not entitled to a gratuitous grant, or by a person who obtains a *Tabu* as the highest bidder at an auction of *Mahsul* Land

The principle followed upon making a grant by *Tabu* was that the grantee should pay to the State the value of the soil. This is called the *Tabu* value. Where *Mawat* Land was revived without authorization the person responsible might (under Art. 103 of Land Code) obtain a grant on payment of the *Tabu* value. What will have to be taken into account in estimating *Tabu* value depends on the circumstances in which the grant is made.

The *Tabu* Law states that the value for which the land is to be offered to persons having a right to *Tabu* under Land Code, Art. 59 is to be assessed locally by ascertaining from the inhabitants of the town or village in which the land is situated who are disinterested and therefore impartial. It is the practice to include in this valuation only the waste value of the land i.e. the value of the land without taking into account its condition as land ready for cultivation. If there are buildings or trees or vines which follow the land the practice is not to include their value in the *Tabu* value payable by a person having a right to *Tabu*. The site value alone is taken into account.

Where however the land is pure *Mahsul* and is not put up for auction the land will be sold with all its improvements, including houses and trees where these follow the land.

Of course Land Registry fees are not to be included in the term *Tabu Mithl*.

For the determination of the *Tabu* value reference must now also be made to the provisions of the Land Law (Amendment) Ordinance, 1933. The *Tabu* value is to be fixed by a Commission consisting of the District Officer in charge of the sub-district in which the land is situated and two unofficial members nominated by the District Commissioner. The value so fixed is to be subject to review by the Director of lands whose decision will be final. In assessing the *Tabu* value the new Commission will undoubtedly follow the established practice and take into account only the site value.

Islamic law treated all lands in private hands as subject either to payment of Tithe or Tribute. The Tithe represents the shares of the sovereign or of the community as a whole, in the produce of the soil. It is not, of course peculiarly an Islamic institution but occurs in widely separated countries. The Tribute (*Kharaj*) was a payment by the non Moslem population in return for protection and toleration. Tribute no longer interests us since its payment is not exacted. But Tithe is, in principle still payable by all private owners.

All agricultural lands in Palestine were chargeable with Tithes but land appurtenant to houses situated in towns and villages and land enclosed by walls or hedges and less than an ancient dunum (919 pics) in extent, were exempt. As such land normally belongs to the *Mulk* class, the idea has gradually become prevalent that *Mulk* property is not subject to Tithe. Historically there is no foundation for this view.

The Tithe, as its name indicates, is supposed to be equal to one-tenth of the produce.

The Tithe was replaced in 1927 by the Commuted Tithe throughout Palestine, except in the case of a small number of Bedouin tribal areas in the Beersheba Sub-District, where the Tithe at the rate of 10 per cent. of the produce of the land is still collected in money.

In addition, the Tithe Land was subject to *Werko*. The *Werko* was levied on lands and buildings. It originated in a tax imposed by the *Sipâhis*. Upon the abolition of *Za'amats* this was replaced by a land tax (*Werko*, or gift established for the benefit of the State). This tax was levied on land of every class, *Mulk* or *Mirî*, whether the land was *Waqf* or not. In practice in Palestine, and in accordance with Ottoman *Irâdahs*, the amount varied with the character of the land.

Within all the urban areas the *Werko* on land and *Werko* on buildings (*Musaqqafât*) and *Badal 'Ushur* taxes were replaced several years ago by a new tax, known as the Urban Property Tax, the rate of which is fixed according to the net annual value of the house property and land. Provision for this replacement is made by the Urban Property Tax Ordinance, 1929, and the Urban Property Tax (Amendment) Ordinance, 1932.

Similarly a Rural Property Tax Ordinance was enacted in 1935, making provision for the replacement of the *Werko* and the Tithe from rural lands by a land tax to be paid by the owners of the land and industrial buildings which are not subject to the Urban Property Tax. The Rural Property Tax is levied at a rate per dunum according to the category of the land, the greater tax being levied on the more highly developed land.

The Urban Property Tax and the Rural Property Tax are discussed fully in the chapter on "Fiscal System".

VII. Cadastral Survey, Land Settlement and Registration of Title

There was no Cadastral Survey in Palestine prior to the Occupation. In the year 1920 a Survey Ordinance was passed by the Government

of Palestine which provided facilities for the Demarcation of Boundaries and for the making of Surveys with a view to a Cadastral Survey. This Ordinance was replaced in the year 1929 by the Survey Ordinance, which regulates in a comprehensive manner the survey of lands in Palestine, providing particularly for a Public Survey of Palestine under the directions of the High Commissioner.

A Cadastral Survey rigorously maintained to date, whereby the parcels of land affected are accurately defined on a plan, is considered to be the foundation of an effective system of Land Registration.

The country is topographically surveyed on a suitable scale, and plans are in the first place prepared showing all the main visible features such as hedges, fences, *wadis* (valleys), roads, etc. When the stage of Land Settlement is reached the land of a village (or any other Settlement Area) is divided into Blocks of convenient size called Registration Blocks. Provisional Block plans are prepared followed by the demarcation on the ground and by the plotting on the Block plan of mosaic parcels within the Registration Block according to the boundaries claimed by individuals. At a later stage the areas of the parcels are computed and the registration Block plans, which are required by the Land Settlement Ordinance to accompany the Schedule of Rights, are finally prepared by the Survey Department.

An intermediate stage of survey work connected with the settlement of title to land consists in the correction of boundaries of parcels on the provisional plans in accordance with the decisions of the Settlement Officer.

The Registration Block plans which accompany the Schedule of Rights show the situation, shape, and size of every individual parcel of land within the area described in the Registration Block plan. This method of survey and record of immovable property incorporated in the plan has made it possible to dispense with a description of boundaries in the Register of Titles. The plan is regarded as the one and only authoritative definition of the area to which the registered title refers, and it thus constitutes the complement of the written Register.

In 1928, as a beginning in the carrying out of a systematic settlement of rights on land, a Land Settlement Ordinance was enacted. It was based on the Sudan Land Law, which has been in operation for a number of years and was designed to meet the requirements of Palestine.

Under the Ottoman System which may be described as a system of registration of Deeds combined with the registration of Titles, the Title Deed usually refers to a parcel of land the boundaries of which are stated

without any reference to a survey. This resulted in confusion of title to immovable property. An entry in the Registration of Deeds could rarely be identified with the parcel on the ground. Encroachments and boundary disputes took place frequently. In addition, a great number of transactions were effected outside the Land Registry offices and the Title Deeds were not registered. Successions were as a rule not recorded. The Register of Deed was, therefore, most defective and, particularly in rural areas, did not show the true ownership of the land.

The Land Settlement Ordinance, 1928, provides for the Settlement and Registration of titles to land on a system of immovable properties on a territorial basis in accordance with the best known and only effective practice.

The *stable* unit for Registration is the Block which is defined as a subdivision of the land which contains one or more parcels. The Parcel or variable unit of property is defined as a unit of land within the Block, which is owned by a person or body of persons.

Land is defined to include any rights arising out of land, buildings and things permanently fixed to land, an undivided share in land and any interest in land which requires or is capable of registration under the Land Settlement Ordinance.

The whole of Palestine has not been made simultaneously subject to the provisions of the Land Settlement Ordinance. The application and operation of the Ordinance in the country is limited to defined areas called the Settlement Areas declared from time to time by a Settlement Order of the High Commissioner published in the Gazette. An area having been declared a Settlement Area, a Settlement Officer is forthwith appointed by the High Commissioner for the purpose of carrying out land settlement operations in the area. The Settlement Officer proceeds to publish a Preliminary Notice of intended survey, settlement and registration of rights in a village within the Settlement Area. The effect of the publication of the Preliminary Notice is that after the publication of the Schedule of rights, no action concerning rights to land in the area under notification can be entered in any Land Court or Civil Court.

Any action entered before the Preliminary Notice is published is, if possible, to be heard and decided before the Settlement is begun, or, by leave of the Court, any such action may be withdrawn. Actions pending at the date of notification of Settlement may be completed.

In addition to the Preliminary Notice of intended Settlement, a further notice, a Settlement Notice, is to be published by the Settlement Officer. The effect of the Settlement Notice is that no parcellation of

land purporting to be either a subdivision of land held in individual shares or a permanent division of land held in common and periodically distributed (*Masha*) is to have effect thereafter. Any parcellation which was effected prior to the publication of the Settlement Notice may be approved and accepted by the Settlement Officer.

After publication of the Settlement Notice claimants to land are to submit a Memorandum of Claim in the prescribed form and produce all the instruments of title affecting the lands.

In any matter of common interest the village is represented by the Village Settlement Committee which is constituted by authority of the District Commissioner and is chosen from amongst persons nominated by the inhabitants and the reputed owners. The Village Settlement Committee is empowered in its own name to bring and defend actions. It is its duty to protect the interests of the absentees, minors and persons under incapacity.

All claims are to be entered upon the Schedule of Claims which is posted at the office or camp of the Settlement Officer and at the office of the Sub District in which the village is situated. After the date of the posting of the Schedule of Claims the Settlement Officer is to commence the investigation and settlement of claims.

The Religious Courts of the communities may appoint a Religious Judge to assist the Settlement Officer in matters of personal status which is within their jurisdiction. In *Waqf* claims the Settlement Officer is assisted by a Religious Judge who sits as an assessor for the purpose of advising him upon the law of *Waqf* involved.

From a judicial decision of a Settlement Officer an appeal lies to the Land Court of the District in which the land which is the subject matter of the action is situated. Application for leave to appeal may be made also by a claimant who is aggrieved by the decision of the Settlement Officer in an undisputed claim.

There are two peculiar difficulties in securing a proper title to land in Palestine (1) a large part of the village land in Palestine is held in undivided ownership and (2) land is held in shares of bafflingly large fractions which frequently run to several figures. In the majority of cases these fractions have no real value. The provisions of the Land Settlement Ordinance, 1928, have been so designed as to make it possible in place of the fractions to have the rights in a unit of land recorded in a definite figure of integral metres and to avoid very small fragments of land of no substantial value being made the subject of registration. The owner of such fragments may be required to transfer his share to a neighbouring

owner, or in the case of undivided land to the owner (or owners) of the more considerable share.

In general the Settlement Officer has been given power after the rights of the co-owners have been determined to proceed with the partition of any land held in undivided ownership as directed from time to time by the High Commissioner if such partition is deemed to be in the public interest.

The Settlement Officer has power, on the application of any person registered as the owner of a share in undivided land, to divide the share from the remainder of the undivided land; he has also power on the application of the owners of not less than two thirds of the shares of the village land held in common (*Mashâ'*) and recorded as such in the Schedules of Rights, to divide the *Mashâ'* among the owners of the shares so recorded.

When the period of posting the Schedule of Rights has expired, the Settlement Officer forwards the Schedule with its accompanying registration block plan to the Land Registrar of the District in which the settled area is situated. The parcels in the registration block are then entered in the Land Register, a separate folio of which is devoted to each parcel. The reference to the property in the Land Register follows the description of the Schedule of Rights. Mortgages, leases and other encumbrances, discharges, etc., are recorded on the back of the folio.

The new Register of Title compiled as a consequence of Land Settlement operation conforms to the best modern practice. A parcel of land is taken as a unit of registration. The ownership in this unit of land and all the interests to which it is subject, the charges, cautions, and easements affecting it are all recorded in the registration. Every subsequent dealing with the land is recorded in the Register of Title. To the holder of a Title a certificate or an extract from the Register is issued.

When the identity of the parcels disappears, for example, by subdivision, new folios are opened for the new parcel and the folios referring to the old parcel are closed.

The New Register is defined to mean a Register of Title to land established under the Ordinance. This Register is to be distinguished from the Existing Register defined to mean a Register of Title to land existing prior to the Settlement operations. This is the Register purporting to have been one of Title-Deeds compiled in virtue of the provisions of the Ottoman Land Laws and the Land Transfer Ordinances.

It is intended that in Palestine the two systems of Registration under the Ottoman Law and registration in the new Settlement Registers shall

operate side by side though in different areas, until eventually the areas included in the New Register absorb the whole of the country

A title once registered after Settlement obtains with certain reservations an indefeasible character. Under the Principal Ordinance registration of land in the New Register shall invalidate any right which conflicts with such registration and the dominating character of the New Register is further shown by the restrictive provisions of Sec. 59 as amended by the Ordinance of 1930. This Section limits the extent to which rectification of the New Register may be ordered by the Land Court as follows —

After the completion of the settlement, rectification of the register may be ordered by the Land Court subject to the law as to limitation of actions either by annulling the registration or in such other manner as the Court thinks fit where the Court is satisfied that the registration of any person in respect of any right to land has been obtained by fraud or that a right recorded in the Existing Register has been *omitted or incorrectly set out in the Register* provided that where a person has since the settlement acquired land in good faith and for value from a registered owner the Court shall not order a rectification of the Register."

Thus a bona fide purchaser will obtain a title free from any claims existing prior to the Settlement. The unfortunate person whose rights have been fraudulently omitted from inclusion in the New Register is not indeed wholly without remedy but his remedy is very ineffective. Sec. 60 provides that "when any registration or any entry in the Registry has been made or produced by or in pursuance of fraud and the entry cannot be rectified under this Ordinance any person sustaining loss thereby shall be entitled to claim compensation against the person responsible for the fraud provided that nothing herein shall involve either the Government or any officer of the Government in any liability for or in respect of any act or matter in good faith done or omitted to be done in the exercise or supposed exercise of the powers given by this Ordinance or by any Regulation made thereunder

If without fraud a right recorded in the Existing Register has been omitted or incorrectly set out and rectification of it is impossible the victim of the omission or inaccuracy appears to be without redress.

Subject to what has been said the title granted after Settlement appears to be an absolute title without guarantee. When the New Register conflicts with the Existing Register the former prevails.

It is clear that the owner of a conflicting interest has no remedy against the Government in any circumstances. What rights can be said to conflict with the registration? Only rights which ought to be registered

can be said so to conflict; rights which either cannot or need not be registered would continue to exist notwithstanding registration of the land.

The Ordinances do not state explicitly what rights require registration. Sec. 3(2) of the Principal Ordinance tells us that within the Settlement area rights to "land" shall be settled and registered and "land" is defined as including "any rights arising out of land, buildings and things permanently fixed to land, an undivided share in land, and any interest in land, which requires or is capable of registration under this Ordinance." The phrase "rights arising out of land" is unusual and it is not clear what species of right is referred to, nor if a distinction is intended between a right arising "out of land" and an "interest in land". Rent charges and the like are sometimes said to issue "out of land" and it is possible that the intention was to comprise within the definition *Ijâratayn* rents and *impropriated* Tithes.

The term "land", it will be observed, covers also interests in land which require or are capable of registration.

It seems that in the actual working of the Scheme of Land Settlement difficulties arose with reference to the title to lands within the area which made it necessary to empower Settlement Officers to record claims to ownership which were of doubtful or only of potential value. As an administrative expedient for completing the settlement without delay the Registration of Land Ordinance, 1929, was enacted with a view to facilitate such settlement. For Moslem Law knows nothing of acquisitive prescription, and acquisition of right to land by long continued possession exists only under Art. 78 of the Land Code and as against the State. This being so, long continued possession whether as against a registered title or of land as to which there was no registered owner could not give ownership. It became, therefore, desirable to authorize the Settlement Officer to register the possessor as owner subject or not, as the case may be, to reservations in favour of other potential claimants.

By the end of 1935, Land Settlement operations had been applied to 167 villages:³⁵

35. F. J. Salmon (Commissioner for Lands and Surveys), *Annual Report*, 1935, p. 2. The Land Settlement Ordinance was applied by the end of 1936 to a total of 171 villages. See *Annual Report*, 1936, p. 80 ff.

Jaffa Settlement Area	42 villages
Ramle Settlement Area	46 villages
Gaza Settlement Area	36 villages
Haifa Settlement Area	14 villages
Tulkarm Settlement Area	23 villages
Jenin Sub District	2 villages
Safad Sub District	2 villages
Jerusalem Sub-District	1 village
Jenicho Sub-District	1 village

Table I illustrates the stages of progress reached

TABLE I

Stages of Settlement Work Reached in the 167 Villages Brought under Settlement at the End of 1935³⁶

	Settlement Area									Total
	Jaffa	Ramle	Gaza	Haifa	Tulkarm	Jenin	Safad	Jerusalem	Jenicho	
Villages in which settlement work has been entirely completed	39	35	19	4	8	1	1	—	—	107
Villages in which land disputes are being heard prior to completion of settlement	2	9	12	4	9	1	1	—	—	38
Villages in which final stage of investigation is in progress	1	2	2	4	4	—	—	—	—	13
Villages in which preliminary field investigation is in progress	—	—	3	2	2	—	—	1	1	9
Total	42	46	36	14	23	2	2	1	1	167

Table II gives a comparative statement of the area completed under settlement operations to the end of 1935

³⁶ Annual Report 1935 p. 3. The total at the end of December 1936 is 171 settlement areas. See Annual Report 1936 p. 80 ff.

TABLE II

Area Completed under Settlement Operations, June, 1928-1935 ³⁷
(In metric dunums)

Period	Preliminary Investigation Recording of claims and publication of Schedules of Claims	Final Investigation Settlement of claims and publication of Schedules of Rights and of Partition
June, 1928 to		142,799
Dec. 1930	212,992	138,387
During 1931	255,947	167,293
" 1932	358,303	334,139
" 1933	479,195	283,464
" 1934	355,732	298,549
" 1935	196,119	
Total	1,858,288	1,364,631

37. *Annual Report*, 1935, p. 4. The total at the end of December 1936 is :
(1) Areas under Preliminary Investigation are 1,996,564 metric dunums; (2) Areas
under Final Investigation are 1,491,877 metric dunums. (See *Annual Report*, 1936,
p. 80 ff.

CHAPTER IV

AGRICULTURE

Palestine is predominantly an agricultural as distinct from an industrial country. That it is not naturally a manufacturing country is evident because "in Palestine, metallic minerals of economic value are unknown and coal probably does not exist", although "the occurrence of potash and bromine in the Dead Sea is without parallel elsewhere on the earth".¹ About 54 per cent. of the population derive their livelihood from agriculture, whereas only 14 per cent. derive their livelihood from industry.² The exports of agricultural produce represent fully 90 per cent. of the total exports,³ while several local industries such as soap, oil, flour mills and wine cellars are based largely on the produce of the soil.

I. Description of Land and Production⁴

The total area of Palestine is 27,009,000 dunums⁵ or 10,400 square miles, of which 8,760,000 dunums are cultivable⁶, 29,000 are village and settlement 'built-on' areas, 102,000 urban areas, 17,428,000 uncultivable^{6a} land including desert, hill and forest areas and 690,000 water area.

1. G. S. Blake, *Mineral Resources of Palestine and Trans-Jordan* (1930), p. 4.
2. E. Mills, *Census of Palestine*.
3. Total exports Exports of agricultural products Percentage of exports represented by agricultural products

	£P.	£P.	90%
1934	3,217,562	2,908,050	90%
1935	4,215,486	3,824,883	90%

(Compiled from Govt. of Palestine, *Blue Books*).

4. Adapted from *Memoranda prepared by the Govt. of Palestine for the use of the Palestine Royal Commission*, Mem. No. 8, pp. 22-25.
5. 1 dunum = 1000 square meters, = about $\frac{1}{4}$ acre.

6. For a discussion of cultivable land see Chapter II. Of the total area, the area owned by Jews at the end of 1935, was, according to Land Registry records, 1,317,000 dunums, which amounts to about 5 per cent. of the land area of the country. As, however, about 1,000,000 dunums of this area are cultivable, the area of cultivable land owned by Jews is about 12 per cent. of the total cultivable area. Most of the Jewish land lies in the fertile plain of Esdraelon and in the Maritime Plain from Haifa to Jaffa.

6a. The term "uncultivable" should not be regarded as absolute. As will be seen later, the conversion of uncultivable into cultivable land depends upon the finding and utilization of additional water supplies, the availability of more capital investment, and the application of the results of scientific research.

CHAPTER IV
AGRICULTURE

BY

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TABLE I
Summary of Kinds of Land and Production of Each Kind 10

Kind of land	Main crops grown	Kind of soil, etc	Average range of rainfall	Availability of water	Other features
Maritime plain	Wheat, barley legumes, <i>dura</i> sesame, vegetables, maize, citrus and deciduous fruit trees	Sand dunes, loams, sandy patches of clayey soils	300 400 mm at Gaza 600 mm at Jaffa Haifa.	Water can be found in most places, at a depth from a few metres to 150 metres	Citrus growing is the main branch. Other branches are vegetables and dairying. Poultry and bee keeping are developing.
Inland plains	Wheat, barley legumes, <i>dura</i> , sesame, maize, some citrus, vines olives and vegetables	Mainly heavy clay interspersed with patches of light soils	400 500 mm in the Valley of Es 500 600 mm in the inner plains of the north	Water can be found in most plains but less certainly than in the maritime plains and at greater depths, usually from 60 to 100 metres. In the hills region irrigation water is abundant.	Fodder and vegetables are the main intensive branches. Table grapes and grape fruits are grown profitably. Dairying and poultry are the chief branches of intensive farming in Jewish settlements.
The hills	Wheat barley & legumes a little <i>dura</i> and sesame. Olives vines figs and deciduous fruits are on the increase	Mainly clayey loam	400 600 mm in the Judean and Samarian hills 500 700 mm in the hills of the north	Small springs can be found in certain localities	Fruits are the main source of income cereals are grown for local consumption of the bee population. Poultry and bee keeping are also developing. Terracing would increase the area under cultivation.
The Jordan Valley	Wheat barley legumes, vegetables bananas and some citrus	Alluvial clay loam	100 400 mm	Springs in the foothills are sources of irrigation. The Jordan River is little used owing to the high cost of lifting it a water. Water resources not yet ascertained.	Tropical and subtropical fruits can be and are grown.
Hezrahah Plateau	Mainly barley a little wheat <i>dura</i> and melons	Deep loose soil and calcareous clay loam	150 200 mm		Large areas of land are available for cultivation. If fresh water can be found

D. THE JORDAN VALLEY.

This is a natural depression which lies between the central range of hills and the Jordan River. It starts slightly above sea level in the north and falls gradually to a depth of 1,300 ft. below sea level at the Dead Sea, the total length of the valley being about 160 kilometres.

Numerous springs in the foothills occur in the Jordan Valley. Where the water is fresh, it is utilized for irrigation purposes, and cereals, vegetables, green fodder, bananas, and other tropical and sub-tropical fruits are grown. Citrus cultivation is extending at Jericho, but the main developments now taking place in the Jordan Valley are the extension of banana cultivation and the production of vegetables and green fodder.

The land in the north of the Jordan Valley is very fertile, and is capable of further development.

E. BEERSHEBA PLATEAU.

This is the largest stretch of plain land in the country. The soil is of loess (wind-blown) formation, and supports little cultivation owing to the low rainfall. The principal crop is barley, wheat coming second.

The average rainfall is only about 6 inches per annum. If suitable underground water supplies could be found, very large areas could be placed under cultivation. Without irrigation, any material development of the area is impossible.

The summary in Table I shows the various kinds of land and the production of each.

II. Irrigation ¹¹

A. IRRIGATION FROM RIVERS.

River irrigation has not been developed to any large extent in Palestine owing to the fact that, with very few exceptions, such rivers as there are in the country are mere hill torrents, which run for only a few days after rain and may then be dry for weeks. The only two rivers of any considerable size are the Jordan and the 'Aujâ. The latter, which flows into the sea north of Tel Aviv, is of minor importance, as its water can only be brought on to the surface of the land by pumping. 4,850

11. Based on *Memoranda prepared by the Government of Palestine for the use of the Palestine Royal Commission*, Mem. No. 19. Water supply and irrigable land are discussed in Chapter II. For a clear presentation of the subject of irrigation, some of this discussion is repeated here.

dunums of land are at present being irrigated from this river and the irrigation of an additional 700 dunums is contemplated in the near future¹

The Jordan is therefore the principal potential source of river irrigation. Its utilization is difficult and it is doubtful whether, except in the Hula basin it can be profitably developed. This basin lies immediately below the Syrian border—it includes Lake Hula, a large papyrus swamp to the north of the lake and further northwards still a number of Arab villages which are watered by the Jordan and by its three main tributaries—the Hasban, the Iddani and the Banyas.

The Hula scheme. In June 1914 the Ottoman Government granted to two merchants of Beirut a concession for the drainage of Lake Hula and the adjacent marshes. The project envisaged the deepening of the Jordan from the Lake outfall to the point, three kilometres lower down where the Damascus road crosses the river, with a view to evacuating the water of the lake which is very shallow, and leaving the area now occupied by it and the marshes dry and available for cultivation.

The area covered by the concession comprises 56,940 dunums of which according to measurements made in 1934, 21,453 dunums were marsh, 16,919 dunums were lake and 18,568 dunums were land. A portion of the land last mentioned is cultivated by Arabs from the neighbouring villages. The papyrus on it has been cut or burnt and although it is still flooded in the winter a crop is sown upon it in the spring as the water recedes.

Under the terms of the new concession granted in September 1934 to the Palestine Land Development Company, a Jewish corporation, the area reserved for Arabs is to be 15,772 dunums and moreover this area is to be reclaimed and provided with the necessary irrigation and drainage channels free of charge either to the cultivators or to Government.

The Hula basin includes besides the Concession Area, a tract, which is some 11,000 dunums in extent. It is intersected by rivers and streams which form the headwaters of the Jordan and is irrigated in a very haphazard manner by a network of small indigenous canals.

In addition to securing adequate drainage throughout the tract a new project provides for the improvement, by means of minor works of

¹ According to *Zur Hydrologie der Küstenebene Palestinas* (1st part published by M. J. Goldschmidt in "Palestina"—See 1935) the potential area which could be irrigated from the Ajaja is about 80,000 dunums, assuming the quantity of water which could be drawn from the Ajaja to be about 4 cubic meters per second or about 350,000 cubic meters per day.

the indigenous irrigation of 33,000 dunums in the northern portion of the basin. A further 17,000 dunums in this portion, at present irrigated by indigenous works, will, under the scheme, be given controlled irrigation from the new canals which are to be constructed to irrigate the Concession Area. The canals will also command a further area of 9,000 dunums outside the Concession Area which have at present no means of irrigation. Within the Concession Area of about 57,000 dunums, 15,772 dunums have, as already mentioned, been reserved for Arabs, 6,400 dunums will be occupied by embankments, channels and the like, and about 35,000 dunums will be available for Jewish settlement.

The cost of the scheme is high. Excluding the price paid to the Syro-Ottoman Agricultural Company for the Concession which amounted to £P. 192,000, and excluding also interest on capital during construction, the actual cost of the works is estimated at £P. 933,000, of which about £P. 710,000 represents the Concessionnaires' share and £P. 223,000 that of Government. If the two items excluded from these figures are added, the total cost of the scheme is unlikely to fall below £P. 1,300,000.

This scheme would enable sanitary conditions and a rational system of irrigation to be established in a large area north of the Concession. The Hûla basin appears to be the principal part of Palestine in which gravity irrigation on any large scale is likely to prove feasible and it is clearly desirable that the abundant water resources of the tract should be developed for that purpose, if possible.^{12a}

2. The high level Jordan canal project. Proceeding down the Jordan southwards from Lake Hûla, any possibility of major irrigation development is excluded until Jisr el Majâmi', some eight kilometres below Lake Tiberias, is reached. The large hydro-electric station of the Palestine Electric Corporation is situated at Jisr el Majâmi'; the supply required for the operation of the station has to be safeguarded and further water cannot, therefore, be drawn off from above it.

There has been considerable discussion in the past as to the possibility of constructing a gravity canal from a point below Jisr el Majâmi' and of irrigating thereby the arid land in the Jordan Valley between that point and the Dead Sea. A recent investigation has, however, shown that any such project, even if technically feasible, presents so many difficulties as to rule it out as a practical proposition.

It seems probable that, if any major development is to take place in the Jordan Valley, it will be by means of water pumped from the river

12a. There are smaller areas capable of free flow irrigation from springs, the largest being the Beisân Plain.

near the spot where it is required. The high lift, the long distances to which the water would have to be carried in pipes and the difficult and broken nature of the country over which it would have to be so carried will, however, always prove serious obstacles to schemes of this nature.

B IRRIGATION FROM RESERVOIRS

The fact that a very considerable volume of water pours annually down from the hills during the rainy season and runs waste either into the Jordan Valley or into the sea has led to an investigation of the possibilities of damming up a portion of this water and conserving it in reservoirs for use during the dry months. The results obtained have not been promising. The experiments which have already been made to store water in dams or reservoirs do not afford ground for optimism that such storage of water will prove in general, to be an effective method of increasing irrigation supplies.

C IRRIGATION FROM SPRINGS

There are a large number of springs in Palestine, especially in the Beisan Plain, the Jordan Valley, the Samaritan and Judæan Hills. There are also two Government irrigation systems dependent on springs at Jericho and Beisan. The former system supplies water to the experimental station at Jericho and irrigates a considerable area of State Domain land in the vicinity which is leased to local cultivators. By the provision of concrete channels and properly designed outlets the distribution of the water has been much improved and the resulting economy has enabled the area of intensive cultivation to be increased. The spring was cleared out and new channels, some concrete and some earth, were constructed with the result that both the settlement and the land below it are now assured of a good and constant supply of water.

The springs at Beisan, under the present distribution and topography, can irrigate some 35 per cent of the present irrigable area of about 112,000 dunam. 13

Taken as a whole, however, Government has been able to do very little in the way of developing irrigation from springs. The reason is that practically all the spring water in Palestine is in private ownership. Rights in water are regarded under the Ottoman law as the personal property of individuals and not as annexed to the land to which they should naturally appertain. They are a frequent subject of commercial

transactions; a man may sell half his land and the whole of his water rights or he may retain the whole of his land and sell half his water right. It is, moreover, not uncommon for speculators, who own no land at all, to purchase water rights, and then sell or hire them to the highest bidders. The position is complicated by the fact that water rights are seldom registered and that most of them depend in the main upon custom and usage; in course of time these rights have become so sub-divided, largely owing to the Law of Inheritance, that an individual's share may have to be expressed as a fraction of an hour's use of a proportion of the discharge of a spring in a rotation of from ten to forty days. Conditions are thus chaotic, water is alienated from the land to which it naturally belongs and is led off for use elsewhere, the rich man is enabled to acquire more water than is rightly needed for his land at the expense of his poorer neighbour and, in the result, there is considerable waste. Legislative measures to prevent this waste and to ensure the economical utilization of the supplies available are under consideration by Government. It is believed, however, that irrigation from wells is, and is likely to remain, the chief source of irrigation in Palestine.

D. IRRIGATION FROM WELLS.

The citrus industry in Palestine and modern dairy farming are dependent for their irrigation requirements almost entirely on water pumped from wells, along the Coastal Plain and in the Valley of Esdraelon. Such irrigation has been developed almost entirely by private enterprise; but Government has undertaken a small amount of exploratory work with a view to demonstrating the existence or otherwise of water in out-of-way areas and is now contemplating legislation to enable it to control well sinking to some extent so as to prevent an excessive drain on the sub-soil supplies.

Intensive farming cannot be conducted without irrigation; and in the Valley of Esdraelon, 70 borings were made by Jewish farmers, of which 34 were successful. In Galilee and Samaria water was found in such places as Yavneel and Karkûr. Considerable water-boring machinery has been imported into Palestine by the Jewish settlers in recent years.¹⁴

Since 1930, four boring plants have been purchased by Government. They have been used partly for exploratory purposes and partly in connection with the provision of water supplies for villages and urban areas. Altogether eighteen bore holes have been sunk. In nine instances fresh

14. D. Horowitz, *Jewish Colonisation in Palestine* (1937), p. 28.

water was discovered in three (including the only two bores sunk in the Beersheba Sub District) the water was too saline for use in two, no water was found and work is still in progress in the case of the remaining four. It is desirable to procure many more boring plants to make further trials in the vicinity of Beersheba in the hope of discovering fresh water in that area.

There is always a possibility that as more and more wells are sunk, an excessive drain may be imposed upon the sub-soil water supplies. Consequently in order to secure a datum for future observations, Government has recently caused a survey of underground water levels to be made in those portions of Palestine where well irrigation is most intense. A network of level was first spread over the surface of the country, the depth to water measured in about two thousand wells, and the levels of the underground water thus calculated. This survey has just been completed and the results are being tabulated and mapped. A number of control stations has also been established throughout the area at which fluctuations in the sub-soil water level are regularly noted and the water tested for salinity.

It is proposed further to introduce legislative measures which will avert the danger of the exploitation of the underground source of supply to such an extent as to cause injury to existing developed properties.

On the whole it may be said that relatively little has been done by the Government to discover water in Palestine.^{14a} Government's activities in other branches of agriculture have been much more energetic and successful. It is suggested that on the whole, there has been a tendency to leave this matter—always a costly undertaking—to private enterprise. Apart from financial difficulties the absence of legislative machinery for the settlement of water rights has also retarded successful Government activity.

Jewish experts have estimated that the water resources in Palestine would be sufficient to irrigate about 1½ million dunums of land as compared with 350 000 dunums at present under irrigation excluding the hill districts.¹⁵ There is no reliable means of checking such estimates, and it seems that there is generally little prospect of large-scale irrigation in the hills.¹⁶

^{14a} Recently a sum of £P 80 000 has been earmarked by the Authorities for a hydrographic survey of southern Palestine and the Jordan Valley and in certain districts of Trans-Jordan. This is to include an extensive programme of exploratory boring.

¹⁵ *Palestine Royal Commission Report* pp. 254-255.

¹⁶ *Ibid.*, p. 263.

III. Principal Crops

The variety of Palestine's topography and climate results in the production of a wide range of crops. The value of crops produced in 1937 may be estimated at approximately 5½ million Palestinian pounds at wholesale prices, thus :—

A. Cereals, legumes and oil crops	£P. 2,213,143
B. Citrus fruits	1,373,295 ^{16a}
C. Other fruits	1,197,369
D. Vegetables	480,733
E. Tobacco	142,242
	<hr/>
Total	£P. 5,406,782

The value of other forms of agricultural production in 1937 may be estimated at £P. 1,641,564 (poultry and bee produce £P. 527,750, milk £P. 916,000, fodder for the dairy industry £P. 133,611, fish¹⁷ £P. 64,203); so that the value of all forms of agricultural production in 1937 may be estimated at £P. 7,048,346.

The citrus crop accounts for over 25 per cent. of the value of all crops. This ratio will increase in future years, because it is unlikely that any appreciable additional areas can be made available for the growing of wheat (or cereals) while from the area already planted with citrus fruits (about 300,000 dunums) a potential exportable crop of 20-25 million cases¹⁸ is estimated to be available for export in 5-10 years time.

Table II shows the area under cultivation and the production in 1935, 1936, and 1937 of the principal crops.

16a. Valued at the low figure of 2 s. 6 d. (125 mils) per box for exports and 6 d. (25 mils) per box for local consumption.

17. Fish is considered in Palestine as one form of agricultural production. It is discussed in this book, however, under Natural Resources, Chapter II.

18. One dunum produces about 80 cases of exportable fruit.

TABLE II

Area under Cultivation and Production of the Principal Crops
in 1935 1936 and 1937¹⁹

	Area in dunums			Yield in tons		
	1935	1936	1937	1935	1936	1937
A Cereals legumes & oil crops						
Wheat	2 251 018	2 320 140	2 258 908	104 353	76 059	127 420
Barley	2 627 939	2 723 197	2 237 441	68 905	55 169	75 417
Leghls	82 693	93 760	89 692	2 698	2 379	3 830
Kersenneh	192 936	232 684	191 227	8 849	7 378	6 004
Maize	70 436	Gram 56 266 Fod 10 509	74 456 11 830	840 ^a	4 336	8 673
Beans	32,564	33 437	41 240	1,489	961	1 529
Peas	2 548	16 374	29 373	225	871	2 037
Dura	1 004 977	772 082	1 068 295	46 135	22 122	61 023
Sesame	269 920	98 683	259 703	6 914	1 847	9 317
Total	6 535 031	6 357 132	6 262 165	248 408	181 089	313 080
B Citrus fruits	Area in dunums			Yield in boxes		
	1935-36	1936-37	1937-38	1935-36	1936-37	1937-38
Oranges				Exports	Exports	Exports
Lemons				4 997 302	9 166 903	9 506 047
Grape fruit				46 915	70 792	79 259
Other				850 120	1 538 301	1 796 065
				2 973	10 368	11 916
				5 897 310	10 786 364	11 393 287
				Estimated local consump- tion	Estimated local consump- tion	Estimated local consump- tion
				1 500 000	2 000 000	2,500 000
Total	1298 000	1299 500	1300 000	7 397 310	12 786 364	13 893 287

^a E.t. units for grain

^b Estimates for fodder

¹⁹ Estimate compiled from "Village Note Books"

Table II (continued).

	Area in dunums			Yield in tons		
	1935	1936	1937	1935	1936	1937
<i>C. Other fruits</i>						
Olives	474,466	510,341	535,190	45,092	15,755	47,247
Melons & water melons	125,875	177,388	166,224	68,799	81,335	102,859
Grapes	149,450	182,628	179,295	28,818	49,359	45,673
Almonds	25,880	24,369	28,480	4,099	3,910	4,184
Figs	98,742	109,011	104,471	10,945	16,421	18,107
Apples	5,614	7,982	11,048	836	1,112	1,426
Pomegranates	2,419	2,564	2,756	824	947	955
Apricots	12,686	15,951	18,446	2,871	5,725	4,085
Pears	730	1,579	1,414	150	433	106
Peaches	1,182	1,469	1,337	379	660	119
Plums	769	1,164	2,546	171	378	270
Bananas	3,640	4,456	4,593	4,000	7,609	2,314
Total	901,453	1,038,902	1,055,800	166,984	183,644	227,425

	Area in dunums			Yield in tons		
	1935	1936	1937	1935	1936	1937
<i>D. Vegetables</i>						
Tomatoes	32,246	43,254	45,819	17,286	19,027	34,907
Cucumbers	17,377	20,672	21,387	8,022	6,801	16,527
Potatoes	6,142	9,654	9,454	2,850	5,000	9,536
Other vegetables	about 60,000	72,291	74,860	39,689	39,493	59,425
Total	115,765	145,871	151,520	67,847	70,321	120,395

<i>E. Tobacco</i>	22,232	29,959	55,434	1,032	1,237	2,371
<i>F. Fodder for the dairy (estimate)</i>	100,000	100,000	76,309	—	—	75,304

Table II (continued)

SUMMARY	Area in dunums			Yield in tons		
	1935	1936	1937	1935	1936	1937
A Cereals leg & oil crops	6 535,031	6 357,132	6 262,165	248 408	181,089	313 080
B Citrus fruits	298 000	299,500	300 000	7,397,310 ^a	12,786,365 ^a	13,893 287 ^a
C Other fruits	901 453	1,038 902	1,055 800	166,984	183,644	227 425
D Vegetables	115 765	145 871	151,520	67,847	70,321	120,395
E Tobacco	22 232	29 959	55,434	1,032	1,237	2,371
F Fodder crops	100,000	100,000	76,309	—	—	75,304
	7,972,481	7 971,364	7,901,228	484 271 & 7,397 310 ^a	436,291 & 12,786,365 ^a	738,575 & 13 193 287 ^a

^a Boxes

A CEREALS, LEGUMES AND OIL CROPS

The principal cereals, legumes, and oil crops are wheat, barley, lentils, *kerseeneh*, broad beans, peas, *dura* and sesame. Maize is also becoming important.

Cereal growing is the most important activity of the majority of Arab cultivators. The rotation system adopted varies from a two-year rotation, where cereal crops of wheat and barley are rotated with winter leguminous crops or with summer crops of *dura* (millet) and sesame, to a three-year rotation in which leguminous crops are normally introduced between the summer crops and the winter crops of cereals. In certain districts the winter cereal crops are sown in the dry, before the break of the rains, but in other areas sowing is delayed until the early rains have fallen. In districts with low rainfall, such as Beersheba and parts of the eastern ranges of the hills, little or no summer crops are grown and the land is left bare fallow during the second year of the rotation. Bare fallow is also adopted in areas where weeds are troublesome with the object of checking their excessive growth. In certain Jewish settlements, where cereal growing plays an important part in the agricultural system, a four-year course rotation has been adopted by the introduction of green manures or maize for the production of grain, green forage or silage.

TABLE III
Production of the Principal Cereals, Legumes and Oil Crops,
1921-1937²¹
(In tons)

Year	Wheat (w)	Barley (w)	Lentils (w)	Kersen- neh (w)	Broad beans (w)	Peas (w)	Dura (s)	Sesame (s)
1921	72,885	61,328	4,792	7,649	4,948	2,063	14,818	2,976
1922	87,146	35,383	5,593	7,818	7,275	781	23,527	3,398
1923	86,457	26,385	4,788	9,844	6,550	1,072	16,353	3,656
1924	92,190	32,311	2,930	7,983	4,512	1,296	33,905	3,612
1925	101,079	40,753	2,427	5,408	2,374	1,443	30,595	2,594
1926	99,023	69,358	3,321	8,014	2,691	1,134	23,914	1,817
1927	99,406	44,524	3,155	6,414	1,859	948	37,441	5,831
1928	65,288	46,697	1,397	4,108	1,022	466	32,732	1,978
1929	87,873	46,240	3,840	7,751	3,977	1,181	31,439	4,169
1930	87,339	60,071	3,800	7,612	3,384	1,288	37,058	2,365
1931	51,519	26,243	2,856	6,470	2,024	40	25,389	3,000
1932	56,186	29,496	2,173	4,901	954	141	21,203	894
1933	48,305	32,580	1,607	3,268	898	81	8,635	292
1934	85,171	70,308	2,176	4,738	841	121	46,830	2,658
1935	104,353	68,905	2,698	8,849	1,489	225	46,135	6,914
1936	76,059	55,169	2,379	7,378	961	871	22,122	1,847
1937	127,420	75,417	3,830	6,004	1,529	2,037	61,023	9,317

w = winter crop
s = summer crop

TABLE IV
Areas under Cultivation of the Principal Cereals, Legumes and Oil Crops,
1931-1937²²
(In dunums)

Year	Wheat	Barley	Lentils	Kersen- neh	Broad beans	Peas	Dura	Sesame
1931	2,358,103	1,704,839	98,532	185,835	50,424	809	939,686	196,116
1932	1,723,243	1,766,662	104,414	178,733	48,006	2,166	1,011,845	108,284
1933	1,768,021	1,886,318	93,058	164,086	32,813	2,186	916,201	102,262
1934	1,930,713	2,010,232	68,629	160,359	33,950	2,811	1,011,678	110,061
1935	2,251,018	2,627,939	82,693	192,936	32,564	2,548	1,004,977	269,920
1936	2,320,140	2,723,197	93,760	232,684	33,437	16,374	772,082	98,683
1937	2,258,908	2,237,441	89,692	191,227	41,240	29,373	1,068,295	259,703

20. - Source as for Table II.

21. Source as for Table II. Based on tithe returns for the years 1921 to 1928 and estimates of the Government Department of Agriculture for the years 1929 to 1937.

22. Source as for Table II.

TABLE V
Area under Cultivation and Production of Wheat by Sub District*,
in 1935, 1936, and 1937²³

Sub District	1935			1936			1937		
	Dunums	Tons	Average yield per dunum in kilos	Dunums	Tons	Average yield per dunum in kilos	Dunums	Tons	Average yield per dunum in kilos
<i>Jerusalem District</i>									
Jerusalem	54 300	2,172	40	137,020	6,851	50	58,400	1,455	25
Ramallah	75 000	1,875	25	56 500	2,712	48	68,400	2,189	32
Hebron	267 270	11 637	40	265 614	3 944	14	261 650	10 655	41
Total	396,570	15,684		459,134	13,507		388,450	14,299	
<i>Southern District</i>									
Jaffa	41,641	2 622	64	39,200	2,096	53 }	249,140	19,282	77
Ramle	218,465	13,708	63	223,520	10,635	48 }	250,870	22,578	90
Gaza-Majdal	270,284	11,888	44	268,902	6,454	24 }	414 550	4,800	12
Beerseba	400 000	5,000	12	450,300	2 000	5 }	5,570	445	80
Jaffa-Ramle-Gaza (Jewish Settlement)									
Total	930,390	33,218		981,622	21,185		920,130	47,115	

Table V (continued).

Northern District									
Acre	97,385	3,212	33	96,600	5,057	52	99,074	3,777	38
Beisân	113,340	5,669	50	80,585	1,455	18	84,150	7,570	90
Haifa	130,000	9,100	64	130,600	10,450	80	117,144	9,250	79
Nablus	101,568	5,594	55	60,970	2,440	40	115,640	6,240	54
Tiberias	79,237	6,696	85	87,356	2,581	30	86,430	6,500	75
Tulkarm	118,400	7,260	61	120,100	6,605	55	121,470	11,469	94
Jenin	114,780	5,890	51	126,070	3,782	30	137,310	8,492	62
Nazareth	88,078	7,420	84	89,234	5,660	64	93,948	7,668	82
Safad	81,270	4,610	57	87,869	3,337	38	95,162	5,050	53
Total	924,058	55,451		879,384	41,367		950,328	66,016	
Total all Palestine	2,251,018	104,353	48	2,320,140	76,059	33	2,258,908	127,420	56

	Dunums		Dunums		Dunums	
	1935	1936	1936	1937		
Total area under cereals, legumes & oil crops	6,535,031	6,357,132				
Total area under all crops	7,972,481	7,971,364				

23. Compiled from "Village Note Books".

2. **Wheat** Wheat is grown in all districts of Palestine. It occupies about one third the total area devoted to cereals and legumes and about 30 per cent of the total area of Palestine devoted to all forms of cultivation and plantations excluding forests and grazing land. In value, however wheat represents about 40 per cent of the value of cereals and legumes but only about 12 per cent of the total value of all kinds of agricultural produce.

According to Table V the average production of wheat per dunum was 48 kilos in 1935, 35 kilos in 1936 and 56 kilos in 1937 or excluding the Beersheba area 54, 40 and 66 kilos in 1935, 1936 and 1937. Experts believe however that 60-70 kilos per dunum is a more reliable average.²⁴ Naturally the average varies from district to district as the table clearly shows.

Practically all land suitable for wheat production is already under cultivation. If more land were made available for cultivation it would probably pay best to cultivate other crops such as fruits and vegetables of more intrinsic value. It is not likely therefore that the production of wheat in Palestine will in the near future considerably exceed 100,000 tons while imports of wheat and flour (particularly in years following seasons of low or badly distributed rainfall) must be expected to increase to meet the deficiency especially in the urban areas of the country.

TABLE VI

Net Imports of Wheat and Wheat Flour, 1932-1937
(Excluding imports of wheat from Trans Jordan estimated at
15,20,000 tons per annum²⁵)

Year	Wheat	Flour
1932	21,054	20,058
1933	59,951	26,919
1934	45,318	24,611
1935	17,759	33,185
1936	21,536	30,630
1937	36,016	27,242

²⁴ L. Pinner *Wheat Culture in Palestine* (1930) p. 3

²⁵ *Ibid.* p. 113

TABLE VII
Consumption of Wheat and Flour in Palestine²⁶

	1934	1935
Wheat Supply	Tons	Tons
(a) Flour imported in terms of wheat	35,561	48,653
(b) Wheat imported	45,547	17,892
(c) Palestine wheat crop	82,000	103,000
	163,108	169,545
Less (d) required for seed	14,000	14,000
Local consumption	149,108	155,545
Estimated average consumption of wheat per head in kilos	Kilos 127	Kilos 123

It is estimated that about a third of the wheat crop is available for marketing, for most of it is required for the domestic consumption of the growers.²⁷ Consequently, the prices of wheat and flour on the market are determined largely by the prices of the imported commodities. Even in years when better than average crops are obtained, some wheat has to be imported; and whether the wheat crop is good or bad, considerable quantities of flour must be imported. It is the white flour that is imported, mainly to meet the demands of the urban population, as the local wheat is of the hard "durum" type, producing a somewhat coarse and dark coloured flour, although it has a higher gluten content and is more nutritious than the imported white flour.

Wheat being the biggest cereal crop, and equal in value to nearly half the value of all other cereals, legumes, and oil-seeds put together, Government has attempted to stabilize the prices of wheat and flour at £P. 9.—and £P. 12.500 per ton respectively, in the interests of the growers and millers. This stabilization is secured by the imposition of customs duties on a sliding scale and limiting the imports of wheat and flour by a

26. Furnished by the Government Office of Statistics.

27. W. J. Johnson and R. E. A. Crosbie, *Report of a Committee on the Economic Condition of Agriculturists in Palestine and the Fiscal Measures of Government in Relation thereto* (Jerusalem, 1930), p. 40; and F. G. Horwill, *Report on the Banking situation in Palestine* (July, 1936), pp. 87-88.

licensing system. This policy has, however, been nullified to some extent by the Palestine-Syria Customs Agreement of 1929, whereby goods which are the produce of Palestine and Syria may enter into either country, without payment of customs duties.^{27a} Moreover, the full benefits of this stabilization policy are not enjoyed entirely by the poorer and smaller growers because they are compelled through poverty to sell their crops at or soon after harvest to the money lenders and merchants. It is the latter who can hold on to the crop and release it, as it is required on a rising market. Cooperative organization coupled with the granting of advances to growers at reasonable rates of interest as is being done in Egypt would substantially improve the economic situation of the growers.

2. Barley Barley ranks next in importance among the cereals, and is grown in all the sub-districts of Palestine (see Table VIII).

The 1 700 000 dunums cultivated in Beersheba Sub-District, and the 148 547 dunums in the Gaza Sub-District in 1935 represented together 70 per cent of the total area under barley cultivation, but only 30 per cent of the total production in 1935. In 1936, the cultivation area of Beersheba and Gaza represented 70 per cent of the total area but the yield was only 15 per cent of the total production. This is due to the relatively low rainfall in the Gaza and Beersheba Sub Districts.²⁸ Especially in Beer sheba Sub District is the production so largely dependent upon the winter precipitation.

In years of good crops there are exports, while barley is imported in bad seasons to meet the deficiency. Table IX shows that during the past seven years local consumption has exceeded the local production of barley. Most of the grain is fed to animals, and a much larger production would be necessary if the animal population were adequately fed.

Two kinds of barley are grown in Palestine, the 2 rowed barley which is commonly known by brewers as Chevalier malting barley, and the 6 rowed. As both these kinds are grown together or mixed, the barley has realized when exported the 'feeding' price of about £P 5 to £P 6 per ton, and has thus lost the premium of about £P 3 to £P 5 per ton for malting barley.

It seems clearly indicated that for the export market, particularly in the United Kingdom, attempts are necessary to grow the malting variety.

^{27a} In the opinion of the author this agreement has tended to nullify the protective policy of the Palestine Government in regard to several other commodities, both agricultural and industrial.

²⁸ Average rainfall—Beersheba last 15 years 188 millimetres. Average rainfall—Gaza last 25 years 363 millimetres.

TABLE VIII
Area under Cultivation and Production of Barley by Sub-Districts,
in 1935, 1936 and 1937²⁹

Sub-District	1935			1936			1937		
	Dunums	Tons	Average yield per dunum in kilos	Dunums	Tons	Average yield per dunum in kilos	Dunums	Tons	Average yield per dunum in kilos
<i>Jerusalem District</i>									
Jerusalem	55,000	2,750	50	96,311	4,815	50	32,755	907	28
Râmallah	32,500	975	31	26,400	1,109	42	28,800	979	34
Hebron	257,810	13,318	52	224,246	4,565	20	243,615	11,872	49
Total	345,310	17,043		346,951	10,489		305,170	13,758	
<i>Southern District</i>									
Jaffa	19,420	1,135	58	23,159	1,232	53 }	80,873	7,366	91
Ramle	61,618	4,347	71	54,178	2,878	53 }			
Gaza-Majdal	148,547	5,530	36	143,784	4,115	29	130,440	13,044	100
Beersheba	1,700,000	15,000	9	1,800,000	4,000	2	1,350,000	15,600	12
Jaffa-Ramle-Gaza (Jewish Settlements)							1,240	124	100
Total	1,929,585	26,012		2,021,121	12,225		1,562,553	36,134	
<i>Northern District</i>									
Acre	23,959	1,063	44	26,090	1,769	68	25,896	1,184	46
Beisân	46,098	2,769	60	36,575	802	22	34,575	2,961	86
Haifa	68,000	6,120	90	65,500	5,940	91	57,837	5,155	89
Nablus	41,444	2,315	56	31,330	2,195	70	41,997	2,591	62
Tiberias	22,293	2,626	118	24,308	861	35	29,650	2,075	70
Tulkarm	57,600	3,506	61	60,225	5,420	90	70,400	5,755	82
Jenin	24,020	1,759	73	44,760	2,238	50	38,280	1,291	34
Nazareth	25,150	2,247	89	21,262	1,541	72	23,278	2,191	94
Safad	44,480	3,445	78	45,075	1,689	37	47,805	2,322	49
Total	353,044	25,850		355,125	22,455		369,718	25,525	
Total all Palestine	2,627,939	68,905	26	2,723,197	55,169	20	2,237,441	75,417	34

²⁹. Compiled from "Village Note Books".

separately from the feeding variety. The inability to guarantee regular exports owing to the unreliable rains (particularly in the Beersheba Sub-District) is also an important factor militating against a regular and remunerative export trade.

As however 80 per cent of the rainfall in Beersheba, falls in six brief periods of the winter cultivation experiments to ascertain the best methods of retaining the rain might if successful result in increased production,

TABLE IX

Production Imports Exports and Consumption of Barley 1922-1937³⁰
(In tons)

Year	Production	Net Imports	Net Exports	Consumption
1922	35 383	—	6 998	26 585
1923	26 385	9 979	—	36 364
1924	32 311	1 846	—	34 156
1925	40 753	6 656	—	47 409
1926	69 358	—	3 276	66 082
1927	44 524	—	9 352	35,172
1928	46 697	—	6 186	40 511
1929	46 240	—	2 529	43 711
1930	60 071	—	17 845	42 226
1931	26 243	16 431	—	42 674
1932	29 496	13 087	—	42 583
1933	32 580	24 721	—	57,300
1934	70 308	10 390	—	80 698
1935	68 905	12 400	—	81,305
1936	55 169	33 673	—	88,842
1937	75 417	4 580	—	79 997

in future years owing to the vast area in Beersheba available for barley cultivation and the fact that yields at present are so small.³¹

It is noteworthy that since the customs duty on barley imported into Palestine was increased from £P 1 to £P 3 per ton in August 1934 to protect the local grower, imports of barley have entered Palestine at

³⁰ Figures for production compiled from "Village Note Books" figures for imports and exports from Govt. of Palestine *Blue Books*.

³¹ According to Table VIII the average yield in 1935 was 9 kilos in 1936 2 kilos, and in 1937 12 kilos per dunum but from information obtained from the Agricultural officer of this district and from personal observation 50-60 kilos per dunum are obtained in good years in the northern part of the area while in bad years the average is 30 kilos declining to nil as cultivation extends to the desert proper. The low average is caused by the large area in the south of Beersheba where the yield is very low. Nevertheless it would seem that the 1936 yield has been underestimated.

clusively from Syria, free of customs duty, under the Palestine-Syria Customs Agreement of 1929.

3. *Dura* (millet) and sesame. *Dura* and sesame are the two principal summer crops. Sesame plays an important part in the rotation system, as it requires a great deal of careful weeding and cultivation, and leaves the land in good condition for the succeeding winter crop of wheat or barley. It is a crop that demands much labour both for preparation of the soil, and when picked at harvest. It is not possible to wait until all the sesame crop ripens, because, the pods, when they ripen, split, and the seeds fall out onto the ground; and as the crop does not ripen all at the same time, the harvester goes into the field daily and pulls, by hand, each stalk whose pods are ripe. It is a crop demanding the labour both of women and children at harvest time, and is therefore little grown by the Jewish farmers, probably because they have not as yet enough children of an age to help in the harvest.³²

Both the area and production of these two principal summer crops were the best on record in 1937, and their distribution in the various districts of Palestine, are recorded in Table X.

Sesame does not exhaust the soil, while the constant hoeing which it requires, loosens the ground and preserves its moisture. The constant weeding which it also requires, destroys weeds, which is an essential condition for the success of the succeeding wheat crop. This crop is not very remunerative unless the soil be fertile and the rainy season favourable. But wherever it is grown, the succeeding wheat crop is larger in consequence. The disadvantage of this crop, however, is its dependence on the rain, in the proper time and in the proper quantity, and the labour and expense of harvesting.³³ Since it depends so much on adequate rain, its cultivation is almost entirely confined to the north of Palestine.

Dura is of inferior value as a summer crop to sesame, as it exhausts the soil, although it leaves large stalks which are useful as food for cattle, and grows in areas where the rainfall is relatively low. Although the area under *dura* in 1937 was about four times greater than the area under sesame, and the production seven times greater, the cash value of the former crop was hardly threefold the latter, because whereas the price of *dura* was about £P. 6, sesame was valued at £P. 15 per ton.

4. Maize. Maize is grown both for the grain and fodder. The grain is used mainly for feeding poultry, and to a small extent for grinding

32. Sir John Hope Simpson, *Report on Immigration, Land Settlement and Development* (London, 1930), p. 103.

33. These notes on the value of sesame and *dura* as summer crops are based largely on Mr. Volcani's monograph *The Fellah's Farm*.

TABLE
Area under Cultivation and Production
Sub-Districts in 1936 and

Sub-District	1936					
	Dura			Sesame		Average yield per dunum in kilos
	Dunums	Tons	Average yield per dunum in kilos	Dunums	Tons	
<i>Jerusalem District</i>						
Jerusalem	31 737	1 269	40	200	5	25
Ramallah	2 730	110	40	930	13	14
Hebron	141 600	941	7	200	$\frac{1}{2}$	3
Total	176 067	2 320		1 330	18 $\frac{1}{2}$	
<i>Southern District</i>						
Jaffa	12 230	537	44	1,150	11	10 }
Ramle	160 370	4 753	30	24 880	273	11 }
Gaza Majdal	155 450	1 292	8	5 540	40	7 }
Beersheba	3 000	20	7	—	—	
Jaffa Ramle Gaza (Jewish Settlement)						
Total	331 050	6 602		31 570	324	
<i>Northern District</i>						
Acre	24 295	429	18	13 779	198	14
Beisan	5 650	150	27	600	11	18
Haifa	32 900	1 650	50	13 000	260	20
Nablus	7 324	292	40	5 324	212	40
Tiberias	7 760	59	8	—	—	—
Tulkarm	84 858	7 637	90	10 860	543	49
Jenin	43 490	1 305	30	10 000	200	20
Nazareth	26 500	273	10	11 770	59	5
Safad	32 188	1 405	44	450	22	49
Total	264 965	13 200		65 783	1 505	
Total all Palestine	772 082	22 122	29	98 683	1 847	19
Approximate value	£P 116 000			£P 35 000		

X

of *Dura* and Sesame by1937³⁴

1937					
<i>Dura</i>			Sesame		
Dunums	Tons	Average yield per dunum in kilos	Dunums	Tons	Average yield per dunum in kilos
17,200	482	28	290	6	21
3,200	166	52	850	15	18
344,212	14,793	43	250	2	8
364,612	15,441		1,390	23	
175,684	9,968	57	27,395	457	13
190,000	11,399	60	4,007	120	30
48,550	485	10	—	—	—
2,000	160	80	—	—	—
416,234	22,012		31,402	577	
26,203	967	37	11,025	362	33
21,250	1,724	81	20,120	740	37
31,580	2,632	83	13,960	386	28
18,286	1,280	70	12,276	613	50
28,700	3,444	120	1,640	60	36
71,360	6,220	89	12,315	622	50
26,730	2,138	80	118,630	4,725	40
35,030	2,443	70	36,305	1,173	32
28,310	2,722	96	630	36	57
287,449	23,570		226,911	8,717	
1,068,295	61,023	57	259,703	9,317	36
£P. 338,000			£P. 141,000		

and mixing with wheat flour for bread making. Maize grown for fodder is fed mainly to dairy cattle, a part being made into silage. Farmers have been and still are encouraged by the Department of Agriculture to place larger areas under maize for green fodder so that it can be fed during the summer months, when natural pasture is not available.

In the north the maize is grown as a summer crop mainly without irrigation. In the south where rainfall is much lower, maize does not do well unless grown under irrigation.

Local production of maize for grain is insufficient to meet local requirements and about three to six thousand tons are imported annually. It is the white maize which is grown locally, the imports for poultry feeding consist mainly of yellow maize.

That Government efforts^{34a} to encourage the growing of more maize both for grain and fodder has had satisfactory results is evidenced by Table VI which shows the increase in areas under cultivation.

TABLE VI

Area under Cultivation and Production of Maize 1931-1937³⁵

	Dunams	Grain Tons	Green Fodder Tons
1931	23,374	1,535	not known
1932	39,373	891	' "
1933	61,448	345	' "
1934	68,500	381	" "
1935	70,436	say 500	about 8,000
1936	66,775	4,336	' 9,967
1937	86,286	8,673	17,742

5. Distribution of improved seeds. It has been the practice for several years past to raise at Government Agricultural Stations and distribute to cultivators improved seed of proved and tested strains of wheat and barley to suit the soil and climatic conditions of each locality. The seed is sold to farmers at market rates, but issued gratis in deserving cases.

Oats, vetch and maize seeds are also raised at Agricultural Stations and distributed gratis to farmers for producing hay in order to supplement the feeding ration of animals in dry seasons. This new practice is now

^{34a} In 1933 and 1934 20 tons of seed were distributed to farmers for the production of grain, green fodder and silage. *Report of the Department of Agriculture and Forests for 1935*.

³⁵ Compiled from "Village Note Books."

spreading among Arab farmers. Maize growing under dry cultivation has also been introduced into Arab villages.

In 1933/34, 46 tons of selected seed of wheat, barley, oats and maize and legumes were so issued; in 1934/35 113 tons; but in 1935/36, only 53 tons were so issued owing to crop failure as a result of drought. In consequence, Government purchased in 1935 120 tons of wheat and 23 tons of barley in various localities from farmers whose crops were raised from improved seed originally issued from Government Agricultural Stations; and this seed was cleaned and graded for re-issue to other farmers at cost price, in order to continue the policy of replacing poor seed-grain by improved seed throughout the country.

B. CITRUS FRUITS.

1. Area and number of trees. There were approximately 299,500 dunums under citrus cultivation at the end of March, 1938. Estim-

TABLE XII
Estimated Area under Citrus Cultivation by Districts at End of 1934³⁶

District	Dunums	
<i>Southern District</i>		
Jaffa	92,465	
Gaza	12,168	
Ramle	<u>67,941</u>	172,574
<i>Northern District</i>		
Haifa	17,355	
Beisân	845	
Tûlkarm	35,197	
Nâblus	0.236	
Tiberias	1,377	
Nazareth	137	
Jenin	104	
Safad	357	
Acre	<u>7,298</u>	62,906
<i>Jerusalem District</i>		
Jericho	<u>156</u>	<u>156</u>
Total		<u>235,636</u>

36. Figures obtained from Department of Lands and Surveys. The estimated total area at the end of 1935 differs from that of the record of the Agricultural Department (see Table XIII).

ing that on the average, trees are planted at a distance of 4×5 m, i.e., 50 trees per dunum, there were 15,000,000 citrus trees of all kinds and ages

Details are not yet available of the distribution by districts, but up to the end of 1934, an estimate was made by the Department of Lands and Surveys (see Table XII). Roughly, 70 per cent. of the area is in the south, and 30 per cent. in the north.

At the end of 1934, 56 per cent. of the area was estimated as Jewish-owned and 44 per cent. in possession of Arabs.³⁷ This proportion has probably been maintained

Approximately 10% of the area is planted with grape-fruit, and the balance with oranges.³⁸

² Area in bearing and not in bearing. The area in bearing and not in bearing may be deduced from Table XIII, which shows the areas planted each year since 1922

TABLE XIII
Progress in Citrus Plantation, 1922 to 1937-38³⁹

	Planted during Year	Total area at end of year
	Dunums	about Dunums
Before the War 1913		30,000
1922		32,500
1923/25	1,500	34,000
1926/27	8,000	42,000
1927/28	17,500	59,500
1928/29	11,000	70,500
1930/31	20,000	90,500
1931/32	19,500	110,000
1932/33	15,000	125,000
1933/34	35,000	160,000
1934/35	43,500	203,500
1935/36	74,500	278,000
1936/37	20,000	298,000
1937/38	1,500	299,500

³⁷ F A Stockdale *Report on his visit to Palestine and Trans-Jordan, 1935*, p. 18

³⁸ *Ibid*

³⁹ It should be noted that an orange tree cannot be regarded as in "full" bearing if grafted on sweet lime stock, until it is 9 years old, and when grafted on sour orange stock, 11 years old, but there are increasing and progressive yields as from the 4th and 5th years.

The trees do not begin to bear a considerable quantity of fruit till the 7th year. Consequently, the area in bearing at present (1938) may be taken as 160,000 dunums and the area not yet in full bearing as the balance, *viz.*, 139,500 dunums or roughly 53 per cent. in full bearing and 47 per cent. not in full bearing.⁴⁰

3. Exports. Exports of all kinds of Citrus fruit are shown in Table XIV.

TABLE XIV
Citrus Exports⁴¹

Year	Oranges Cases	Grapefruits Cases	Lemons Cases	Other Cases	Total Cases
1913/14					1,553,861
1920/21	830,959	—	—	—	830,959
1921/22	1,234,251	—	—	—	1,234,251
1922/23	1,365,543	—	—	—	1,365,543
1923/24	1,589,331	—	—	—	1,589,331
1924/25	2,146,457	—	—	—	2,146,457
1925/26	1,515,116	—	3,615	—	1,518,731
1926/27	2,658,716	—	9,575	—	2,668,291
1927/28	2,210,308	—	10,135	—	2,220,443
1928/29	1,787,493	2,265	12,789	—	1,802,547
1929/30	2,861,341	13,011	23,344	—	2,897,686
1930/31	2,421,005	39,938	7,994	—	2,468,937
1931/32	3,620,889	105,781	7,886	—	3,734,556
1932/33	4,240,765	244,603	12,873	589	4,498,830
1933/34	5,097,351	408,184	19,798	764	5,526,097
1934/35	6,507,995	791,661	30,058	1,132	7,330,846
1935/36	4,997,302	850,120	46,915	2,973	5,897,310 ^a
1936/37	9,166,904	1,542,046	70,792	10,368	10,790,110
1937/38	9,512,337	1,804,484	80,227	11,916	11,408,964

a. Low export due to *Khamsins* (hot dry winds) in May, 1935. *Agricultural Supplement No. 7* of 16th July, 1936, p. 143.

4. Yield per dunum and potential production and exports. It has been estimated⁴² that the average yield per dunum of a grove in full bearing is 100 boxes, of which 80 are exportable. Consequently, potential production from the area already planted may be computed as shown in Table XV. Naturally, the potential production will be greater, in the future, than the quantities indicated in the table if and when further planting continues.

40. Records—Department of Agriculture.

41. Compiled from *Blue Books*.

42. Investigation of an Inter-Departmental Government Commission⁴ of Enquiry), 1936.

TABLE XV
Potential Production and Exportable Yield of Citrus Fruit ⁴³

Year	Estimated gross production	Estimated exportable yield
1938/39	17 482 000	14,167 000
1939/40	20 255 000	16 734 000
1940/41	22,273 000	19 879 000
1941/42	24 260 000	21 064 500
1942/43	24 501 000	22,501 500
1943/44	26 328 000	23 565 500

5 Cost and profit per dunum On the assumption that the average price of an exportable box of citrus fruit on the tree, received by the grower is 175 mils, the gross return per dunum would be —

80 exportable boxes at 175 mils⁴⁴

£P 14 —

20 non-exportable boxes sold at about 50 mils per box⁴⁵

1 —

£P 15 —

Less maintenance cost per dunum at two-thirds gross value⁴⁶

10 —

£P 5 —

Net profit per dunum

6 Destination of exports and marketing The destination of citrus fruit exports is shown in Table XVI Nearly 70 per cent. of the fruit exported is received by the United Kingdom markets (without the benefit of Imperial preferential customs duties)

Contracts for the purchase of fruit from Arab groves are usually made in the course of the spring and summer Such contracts are either

⁴³ See fn 42

⁴⁴ This is the price which it is estimated the growers received over a number of seasons in recent years Previously it ranged from about 200-250 mils The retail prices of citrus fruits in the U.K. fluctuate on the average between 8/— to 16/—per box, varying according to the time of the year the size and quality of the fruit etc.

⁴⁵ This is the estimate accepted by Inter Departmental Government Commission of Enquiry in 1936

⁴⁶ The General Agricultural Council in 1936 considered annual costs to be as follows

With Jewish Labour £P 12 per dunum

With Arab Labour £P 8 per dunum

With Mixed Labour £P 10 per dunum

TABLE XVI

Principal Countries to which Citrus Fruit is exported from Palestine 46a

Year	U.K.	% of Total	Germany	Holland	France	Roumania	Poland	Sweden	Other	Total
1932/33	3,191,348	71	807,928	102,434	31,752	79,189	—	—	286,179	4,498,830
1933/34	3,505,562	63	1,237,794	146,354	56,051	107,808	38,792	62,972	350,864	5,526,097
1934/35	5,270,490	72	509,494	367,895	170,586	170,027	163,086	108,325	570,943	7,330,846
1935/36	4,009,803	68	222,644	344,679	114,170	137,622	273,205	162,229	632,958	5,897,310
1936/37	7,610,845	71	319,332	604,719	280,786	219,768	307,803	310,857	1,136,000	10,790,110
1937/38	6,907,311	60	208,874	1,089,898	226,758	246,734	391,582	455,824	1,881,883 ⁿ	11,408,964
a. Includes : to Denmark 89,182										
Finland 109,992										
Norway 275,627										
Czechoslovakia 280,585										
Belgium 539,511										
Others 586,986										
Total										1,891,883

46a. Compiled from *Blue Books*.

at a fixed price per box of fruit on the tree, or for a lump sum as purchase price for the whole crop of a given grove, in both cases it is usual to advance to the grower at the time of closing the contract, the equivalent of from 75 to 100 mils per box on account. In the case of purchase per box the balance of price per box is paid to the grower at the time when the picked and packed boxes are taken away from the grove. In the case of purchases of whole crops for an agreed lump sum, the purchaser usually gives the seller promissory notes payable at various dates throughout the shipping season.

In the case of cooperative societies, the general practice is for the fruit of every single grower to be sold and accounted for separately, and for this purpose the packed boxes of every grower are marked with initials or a number.⁴⁷ The greater part of the fruit from Jewish groves is sold through their cooperative societies. The approximate number of cases exported by these societies in 1937/38 was as follows—⁴⁸

Parde's Cooperative Society, Ltd	2,973,000
The Jaffa Orange Syndicate, Ltd	1,365,000
Hacal Cooperative Society	356,000
Jaffa Citrus Company	148,000
Herzlia Growers Society	168,000
Tnuva	534,000
Paesine Orange Export Company	116,000
Other Jewish Exporters	1,208,000

Total estimated exports from Jewish groves, about	6,868,000
---	-----------

Estimated number of Arab growers about

700-1,000 and exporters about 270

Exports—about

Exports by growers other than Jews or Arabs	4,244,000
	296,000

Estimated export

11,408,000

7 Value of the citrus crop. On the basis of the 1937/38 export which was nearly 11½ million boxes, to which two and ½ million boxes may be added as the estimated local consumption, and assuming an

⁴⁷ Based on information furnished by Mr S. Tolkenky, MBE, General Manager of the Jaffa Citrus Exchange.

⁴⁸ Compiled from evidence furnished to the Citrus Transportation and Marketing Committee and the Dept. of Agriculture.

average return to the growers of 175 mils per box for exportable fruit, and 50 mils for non-exported fruit, the gross value of the fruit on the tree to growers was £P. 2,096,400. For customs purposes, however, the exports of citrus fruit were valued in 1937 f.o.b. at £P. 4,326,707. This represents 95 per cent. of the total agricultural exports (£P. 4,555,947) in 1937, and 74 per cent. of the total of all exports (£P. 5,819,675) from Palestine, exclusive of bullion and specie. It is probable that in view of the anticipated progressive increase in citrus exports, *vide* Table XV, these percentages will increase. In relation to the total value of all agricultural production which, in 1937, has been estimated at £P. 7,048,000, the production of citrus fruits, valued as above at £P. 2,096,400^{48a} in 1937/38, represents about 30 per cent. of the value of the agricultural production of Palestine.

8. Capital investment. This is a most difficult matter to determine. It varies from grove to grove, and particularly in Jewish and Arab groves, one reason being that much of the land planted by Arabs has been in their possession or that of their families for generations or has been acquired at normal prices say under £P. 5 per dunum, whereas, much of the land planted by Jews and acquired since the War has been purchased at very high prices—from £P. 15 to £P. 30 per dunum. A second reason is that Arab labour is much cheaper.

In 1928 the capital cost of a dunum of citrus fruits up to and including the 6th year, was computed at £P. 77.—per dunum.⁴⁹ There have been other estimates as low as £P. 50, excluding cost of land in the case of Arab groves, and as high as £P. 125 per dunum in the case of Jewish groves, including cost of land. Accepting £P. 75.—as an average, the total potential capital investment to bring the present area of 299,500 dunums up to bearing, i.e., up to and including 6 years of age, may be estimated at £P. 22,482,500. At £P. 10 per dunum, annual maintenance costs would be on the average, roughly £P. 2,995,000.

9. Potential area of land available for citrus cultivation. Clark Powell in 1928 estimated the area available for citrus cultivation at 350,000 dunums. A later estimate⁵⁰ in 1935 resulted in there being an additional 72,000 dunums for orange cultivation, and a further 136,000 dunums for grapefruit, provided that water supplies are procurable for irrigation, i.e., an additional area of about 200,000 dunums. Consequently the total area on which citrus fruit may be cultivated may be put at about 500,000 dunums. The increase over the former estimate is due to

48a. At page 121. a lower valuation has been taken, *vide* Note 16a.

49. Clark Powell, *The Citrus Industry in Palestine*.

50. Stockdale, *op. cit.*, p. 18.

the fact that since Prof. Clark Powell's investigations, experience has shown that grapefruit can thrive in heavy soil contrary to earlier opinions. It is doubtful however whether there will be much planting beyond the present area of 500,000 dunums, unless marketing difficulties are overcome for otherwise growers will find it more profitable to devote these potential citrus lands to other crops.

10 Estimated cost of placing a box of citrus fruit on the United Kingdom market. The estimated cost of placing a box of citrus fruit on the United Kingdom market was in 1937/38 season as follows—51

	Oranges	Grapefruit
	s d	s d
Cost of growing	2/2	1/11
Picking, packing and transport to ship	3/6 1/4	3/3 1/4
Fees for advertising and fruit inspection	1 1/4	1 1/4
Freight	1/8	1/8
Duty	—/10	3/3
Selling commission and landing charge	1/6	1/6
Insurance	—/1	—/1
	<hr/>	<hr/>
	s d	s d
	9/10 1/2	11/9 1/2
	<hr/>	<hr/>

11 Problems of the citrus industry. A voluminous treatise could be written on the problems of the citrus industry. It is proposed merely to catalogue those of more immediate importance. All these matters have engaged and continue to engage the attention of the Government of Palestine and the growers and exporters of citrus fruit, through and with the assistance of various committees.

- (1) The expansion of existing markets and the finding of new markets particularly on the Continent, in Canada and in India.
- (2) Organization to control sailing programmes and arrivals of fruit at markets of destination and fluctuations in prices.
- (3) The organization of shipping by an export control board or a central marketing organization.
- (4) The provision of adequate funds for advertising.

51 Estimates of members of the Citrus Fruit Committee of the General Agricultural Council.

52 This problem has since been solved by provision for collecting a fee on each box exported under the Citrus Fruit Advertisement Ordinance. The present fee is 3 mils per box which provides (on an export of 11 million boxes) some £P 33,000 per annum.

- (5) Research to reduce or eliminate the wastage and deterioration of fruit during transit and shipment to ports of destination.^{52a}
- (6) The determination of a "standard" box for export.
- (7) Problems connected with harbours, construction of feeder roads and storage sheds.
- (8) The reduction of the large number of brands and "counts".
- (9) Storage of fruit for sale out of season.
- (10) Utilization of "large" fruits and culls for fruit juices, marmalade, peels, and chemicals such as pectin.
- (11) The obtaining of adequate supplies of organic manure at reasonable prices.
- (12) Combating of pests and diseases such as Black, Red and Mussel Scales and the Mediterranean Fruit Fly.
- (13) The standardization of the "Jaffa" (*Shammûti*) orange, and improvement of stocks for new groves and replanting of old or unprofitable trees.
- (14) The determination of the optimum duty of water, optimum distances of planting, and the selection and propagation of varieties producing "early" and "late" oranges for the market.⁵³

There is a Citrus Fruit Committee of the General Agricultural Council comprising representative citrus growers and shippers; a special Citrus Transport and Marketing Committee, and a Citrus Research Advisory Committee to co-ordinate research by Government and the Jewish Agency.⁵⁴ These non-official bodies with Government representatives, give their attention to the above problems and the Citrus Fruit Committee, in particular, advises Government on current administrative questions affecting the industry such as the Regulations under the Fruit Export Ordinance⁵⁵ regarding fruit inspection, and the transport and shipping of the fruit.

52a. The citrus industry have since agreed to contribute a further $\frac{1}{2}$ mil per box to enable scientific investigations to commence from 1st Dec. 1937 to determine the causes of fruit wastage.

53. Technical research problems are being closely investigated by the Government at its Citrus Demonstration Station at Sarafand in cooperation with the Jewish Agency at its Research Stations at Rehovot and Nes Tsiyona. The latter receives a Government grant for this purpose.

54. See f. n. 53.

55. Government indirectly improves the quality of the Citrus export crop by means of the Fruit Inspection Service, which operates under the Fruit Export Ordinance. For this purpose a staff of one Chief Fruit Inspector, three Fruit Inspectors, and eleven Assistant Fruit Inspectors, are employed together with a large temporary staff during the export season. In the off-season, the permanent staff visit the citrus groves and advise owners as to control of pests and diseases and the collection of data for the survey.

C OTHER FRUITS 56

Fruit growing, which is of biblical fame in Palestine for its abundance and variety, has received a great impetus since the British Occupation. Hundreds of new varieties have been introduced into the country for testing and propagation and hundreds of thousands of budded improved varieties issued to growers by Government. At Jericho, in the Jordan Valley 820 feet below sea level, sub-tropical fruits such as bananas, dates, loquats and citrus, grow under irrigation. Apples and pears thrive in the mountains of Jerusalem Samaria, and Galilee, 1850-3000 feet above sea-level. Grapes are grown at all elevations. Fig trees are scattered through the countryside.

1 Olives Olive culture is an important source of income for the Palestinian cultivator in many parts of the country, and is the most valuable crop after citrus and wheat, ranking in importance equally with barley 57. The tree is well adapted to the difficult conditions of the barren rocky hills.

Apart from the irregularity of the rainfall it seems to be the nature of this crop to give good and bad yields in alternate years.

There are no reliable statistics of the yield of olive oil, but it is estimated that the average yield is about 5,000 tons per annum 58. Most of this oil used to be made into soap in the factories at Nablus, and exported to Egypt but since the imposition of high customs duties in that country in 1930 and 1931, the export of olive oil soap to Egypt has declined from 5,512 tons in 1925 to under 1,000 tons in recent years 59.

The problem therefore is to find an alternative outlet for the greater part of the oil which in the past has been utilized for soap-making. The principal difficulty in marketing Palestine olive oil, unless it be refined, is its high acidity, which ranges from 5 to 15 per cent, and the different degrees of acidity in various localities. To improve the oil for con-

56 Much of this section is based on notes specially prepared by Mr R. O Williams, C.H.O. Government Department of Agriculture for an article on fruit growing which was published in the *Manchester Guardian* (Commercial Supplement) on 24th July 1936.

57 Barley Average production 40,000 tons at £P 5 per ton = £P 200,000
Olive oil Average production 5,000 tons at £P 40 per ton = £P 200,000

58. Estimate of well known olive growers and merchants of long standing and experience.

59 Export to Egypt

1933	1,064
1934	1,039
1935	1,327
1936	776
1937	792

sumption both on the local market and for export abroad, it is necessary to exercise more care in the picking of the olives. They should not be beaten off the trees, and allowed to fall to the ground, and thereby become bruised which facilitates fermentation. The olives should be graded before pressing; the press should be cleaner; and the oil should be filtered and stored in clean tanks.

Cooperative societies for the pressing and marketing of the oil are required. Meanwhile, the Government Analyst is continuing investigations to determine more precisely the causes and degrees of acidity in the oil from various places; and in 1935 the Government distributed 300 olive combs to demonstrate better methods of reaping the crop; and new varieties have been introduced, principally for olives for pickling.

The olive residue (*jift*) is used for fuel and is not further treated (as is the practice in Italy and other big olive producing countries), to obtain green sulphur oil which is used for soap making.

The crop of 5,000 tons of oil, at say £P. 40 a ton, is worth £P. 200,000, but in the absence of a market for the greater part of the crop, the unsold balance is retained for consumption by the peasants, and forms a considerable part of their diet. Nevertheless, large numbers of olive trees have been planted since the War,⁶⁰ and as it takes about 12 years for the tree to yield fruit, larger crops should soon be obtained, when the problem of improving the oil to render it merchantable abroad will become more acute. In view of the loss of the greater part of the Egyptian soap market and the consequent local surplus, it is surprising that there should be such big imports of unrefined olive oil. The explanation is that most of the oil is imported from Syria which pays no duty under the 1929 Customs Agreement, and thus can under-sell the local crop and leave a profit to merchants who can dispose of it both to soap makers and for consumption as edible oil, as the local population are not averse to the high acidity of olive oil and sometimes prefer it to a refined oil. The trade in olive oil is shown in Table XVIII.

60. In 1935, 25,000 wild olive suckers were received from the Forest Reserves for budding and issue to growers—*Department of Agriculture, Report for 1935*.

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Estimates of the Area under Olives, the Number of Trees and the

Sub-District	1935		
	Dunums	No. of trees	Tons of oil
<i>Jerusalem District</i>			
Jerusalem	31,388	408,044	661
Ramallah	78,356	1,018,628	294
Hebron	15,783	205,179	120
Total	125,527	1,631,851	1,075
<i>Southern District</i>			
Jaffa	1,322	17,186	13
Ramle	32,811	426,543	1,207
Gaza-Maydal	892	11,596	10
Beersheba	—	—	—
Jaffa-Ramle Gaza (Jewish Settlement)	—	—	—
Total	35,025	455,325	1,230
<i>Northern District</i>			
Acre	46,131	599,703	867
Beisan	265	3,445	5
Haifa	19,642	255,346	1,700
Nablus	101,970	1,325,610	1,897
Tiberias	15,414	200,382	220
Tulkarm	51,207	795,691	152
Jenin	60,330	654,290	1,534
Nazareth	12,501	162,513	157
Safad	6,454	83,902	181
Total	313,914	4,080,882	6,713
Grand Total	474,466	6,168,058	9,018

61 The areas are those given in "Cillage Note Books" of the Department of Agriculture. The numbers of trees have been computed by estimating that olives are planted on the average 9×9 m. or 13 to the dunum. The yields in 1935 and 1937 were exceptionally good.

XVII

Yield, in Terms of Oil, in 1935-1937 by Sub-Districts⁶¹

1936			1937		
Dunums	No. of trees	Tons of oil	Dunums	No. of trees	Tons of oil
31,500	409,500	453	28,000	364,000	420
78,656	1,022,528	370	78,700	1,023,100	426
16,126	209,638	58	16,373	212,849	279
126,282	1,641,666	881	123,073	1,599,949	1,125
1,260	16,380	15 }	34,728	451,464	482
35,295	458,835	523 }	773	10,049	29
773	10,049	1	—	—	—
—	—	—	908	11,804	52
37,328	485,264	539	36,409	473,317	563
62,532	812,916	115	62,543	813,059	3,467
338	4,394	1	742	9,646	4
24,500	318,500	245	13,811	179,543	916
103,970	1,351,610	166	124,415	1,617,395	500
15,414	200,382	80	13,800	179,400	729
70,000	910,000	572	69,981	909,753	649
50,330	654,290	520	70,500	916,500	770
13,012	169,156	19	13,182	171,366	557
6,635	86,255	12	6,734	87,542	170
346,731	4,507,503	1,730	375,708	4,884,204	7,762
510,341	6,634,433	3,150	535,190	6,957,470	9,450

TABLE XVIII

Imports and Exports of Olive Oil, 1929-1937 ⁶²

(In tons)

Year	Imports		Exports	
	Unrefined	Edible	Unrefined	Edible
1929	2 542	121	—	164
1930	875	22	—	520
1931	23	20	309	491
1932	277	155	381	333
1933	1 888	259	—	303
1934	1 544	340	—	274
1935	2 037	124	21	482
1936	550	60	—	383
1937	60	87	179	1 247

2 Vines ⁶³ The area under vines for all districts is estimated at about 150 000 dunums (in 1935/36). Details of area and production for 1934/35 are given in Table XIX and the estimated yields for seventeen years are shown in Table XX.

⁶² Compiled from Government of Palestine *Blue Books* and Palestine Commercial Bulletin.

⁶³ This section has been written in cooperation with Mr J. de Leon, Viticultural Officer, Government of Palestine.

TABLE XIX

Estimated Areas, Production and Values of Grapes in 1934/35,
by Sub-Districts ⁶⁴

Sub-District	Area	Production	Value
	Dunums	Tons	£ P.
<i>Jerusalem District</i>			
Jerusalem	6,579	3,990	23,940
Râmallah	20,000	3,000	15,000
Hebron	38,833	10,659	42,638
Total	65,412	17,649	81,578
<i>Southern District</i>			
Jaffa	3,609	1,160	8,120
Ramle	5,361	1,604	16,040
Gaza-Majdal	46,188	3,099	21,482
Beersheba	500	10	40
Total	55,658	5,873	45,682
<i>Northern District</i>			
Acre	1,374	556	4,346
Beisân	1,005	201	2,010
Haifa	10,800	2,400	16,800
Nâblus	6,464	654	2,616
Tiberias	1,297	139	1,043
Tûlkarm	3,205	392	2,744
Jenin	752	179	3,588
Nazareth	2,485	542	4,065
Safad	998	233	1,844
Total	28,380	5,296	39,056
Grand Total	149,450	28,818	166,316

64. Compiled from "Village Note Books".

ECONOMIC ORGANIZATION OF PALESTINE

TABLE XX

Estimated Yield of Grapes, 1921-1937⁶⁵

Year	Tons
1921	6,756
1922	6,259
1923	7,420
1924	7,588
1925	7,324
1926	6,733
1927	7,190
1928	4,117
1929	5,345
1930	5,936
1931	17,196
1932	25,995
1933	18,504
1934	29,764
1935	28,818
1936	49,359
1937	45,673

It is estimated that of the total production of grapes, about 3000 tons are for wine making,⁶⁶ the balance being table grapes for local consumption⁶⁷

⁶⁵ Compiled from "Village Note Books"

⁶⁶ The principal centres for the production of wine grapes are —

	Yield in tons in 1936
Zikhron Ya'akov	2,145
Gedera	319
Rishon le Tsion	246
Rehovot	181
Total	2,891

⁶⁷ The principal non irrigated areas for the production of table grapes are: Jerusalem, Hebron, Ramallah and Gaza Sub Districts. Irrigated vineyards exist mainly in the Plain of Esdraelon and the Jordan Valley.

The yields of grapes vary according to variety, kind of soil, method of cultivation, and treatment. Most of the vineyards in Palestine are not irrigated and yield about 300 Kgs. per dunum. Well cultivated vineyards can yield up to 1,000 Kgs. per dunum or even more. It is estimated that not more than 1,000 dunums of yielding vines are under irrigation. Irrigated vineyards are trellised and yield from 1,250 to 2,000 Kgs. of table grapes per dunum.

Vineyards in heavy soils are attacked by pests, principally phylloxera. Consequently, growers have been advised since the British Occupation to plant grafted vines on American stocks as they are resistant to phylloxera. To encourage this, vines grafted on American stocks are exempt from payment of taxes for a period of 10 years from the date of planting. Unfortunately, however, most of the vineyards in the villages are ungrafted, and consequently, are heavily attacked by phylloxera, and will have to be uprooted and destroyed.

Most of the grapes are consumed in their fresh form; some are made into wine liquors;⁶⁸ and only very small quantities are made into raisins and *malban* (a kind of paste rolled into sheets).

Experiments have been made in the drying of grapes for raisins, and samples have been sent in recent years to the Imperial Institute. The reports indicated that the raisins were well prepared and of good colour, but were considered to have thick skins and large stones. It was considered that in view of competition from other countries, it would be difficult to market substantial quantities of raisins in the United Kingdom at profitable prices.

Imports and exports of grapes and raisins are shown in Table XXI.

68. The production of wine and liquors is discussed in Chapter V.

TABLE XXI

Imports and Exports of Grapes and Raisins, 1922 to 1937⁶⁹

Year	Grapes				Raisins			
	Imports		Exports		Imports		Exports	
	Tons	£P	Tons	£P	Tons	£P	Tons	£P
1922	845	11 622	1 334	11 173	57	1 530	276	5 743
1923	72	910	1 019	6 115	19	691	211	4 217
1924	54	766	950	8 775	10	264	457	9 648
1925	—	—	516	5 079	—	—	183	4 136
1926	44	457	247	2 057	—	—	72	1 708
1927	347	3 854	251	2 320	20	655	189	3 642
1928	226	2 486	246	1 693	33	1 138	551	11 015
1929	181	1 651	632	4 150	40	1 404	192	3 747
1930	266	2 522	424	3 054	26	908	576	8 285
1931	370	2 452	936	7 055	35	1 151	407	5 190
1932	142	1 323	808	5 333	35	1 563	163	2 233
1933	418	3 728	360	2 538	60	1 936	36	575
1934	904	6 860	350	2 346	614	7 331	35	536
1935	1 505	11 996	122	1 368	567	8 528	27	354
1936	2 912	27 718	75	697	270	6 255	42	560
1937	1 813	11 557	211	2 097	341	6 474	41	593

3 Fig. Fig trees are scattered throughout the country side. They are generally planted together with other trees such as olives and vines etc. Most of the trees are of the fresh fig varieties, although a considerable area is planted to dried fig types. The dried figs produced at present are of inferior quality and are mainly consumed locally. Better varieties have been introduced in recent years with a view to improvement. Areas and production in 1935 are shown in Table XXII and the production for seventeen years is given in Table XXIII.

TABLE XXII

Estimated Areas, Number of Trees and Production of Figs
in 1935, by Sub-Districts ⁷⁰

Sub-District	Dunums	No. of Trees ^a	Tons
<i>Jerusalem District</i>			
Jerusalem	3,653	54,795	625
Rāmallah	36,000	540,000	1,800
Hebron	7,625	114,375	1,179
Total	47,278	709,170	3,604
<i>Southern District</i>			
Jaffa	220	3,300	110
Ramle	11,874	178,110	2,522
Gaza-Majdal	8,315	124,725	399
Beersheba	400	6,000	5
Total	20,809	312,135	3,036
<i>Northern District</i>			
Acre	4,416	66,240	1,315
Beisân	305	4,575	122
Haifa	1,600	24,000	480
Nāblus	13,044	195,660	123
Tiberias	1,000	15,000	104
Tūlkarm	2,840	57,600	625
Jenin	1,111	16,665	497
Nazareth	1,482	22,230	190
Safad	4,857	72,855	789
Total	30,655	474,825	4,245
Grand Total	98,742	1,496,130	10,885

a. On the assumption that figs are planted on the average 8×8 m. or 15 to the dunum.

TABLE XXIII
Production of Figs, 1921-1937 ⁷¹

Year	Tons
1921	6,189
1922	6,765
1923	6,405
1924	7,218
1925	7,483
1926	7,275
1927	8,302
1928	7,060
1929	7,481
1930	7,544
1931	7,756
1932	9,618
1933	8,148
1934	9,865
1935	10,945
1936	16,421
1937	18,107

4 Deciduous fruit trees The chief deciduous fruit trees are almonds, apricots and plums. Considerable progress has been made in the development of fruit growing in the Jewish settlements and at the Fruit Station (Kiryath Anavim) of the Jewish Agency, as well as at Government

TABLE XXIV
Area of Deciduous and Other Minor Fruits, 1931-1937 ⁷²
(In dunums)

Year	Almonds	Apricots	Apples	Peaches	Pears	Plums	Pomegranates	Other fruits
1931	22,961	5,319	3,172	236	125	206	1,550	No record
1932	24,555	5,849	3,681	457	190	290	1,983	" "
1933	23,613	6,233	4,193	412	252	392	2,088	" "
1934	22,650	7,042	5,464	571	410	636	2,248	" "
1935	25,880	12,686	5,614	1,182	730	769	2,419	" "
1936	24,369	15,951	7,982	1,469	1,579	1,164	2,564	11,665
1937	28,480	18,446	11,048	1,337	1,414	2,546	2,756	11,546

⁷¹ Compiled from "Village Note Books"

⁷² Compiled from "Village Note Books"

Horticultural Stations. The area under cultivation and production of these and the other minor fruits are given in Tables XXIV and XXV, respectively.

TABLE XXV

Production of Deciduous and Other Minor Fruits, 1931-1937⁷³

(In tons)

Year	Almonds	Apricots	Apples	Peaches	Pears	Plums	Pomegranates	Other fruits ^a
1931	553	2,695	302	55	42	52	622	2,271
1932	993	1,903	298	73	42	45	580	5,241
1933	683	839	306	42	44	59	411	3,909
1934	1,017	1,433	613	242	86	153	636	4,640
1935	4,099	2,871	836	379	150	171	824	5,235
1936	3,910	5,725	1,112	660	433	378	947	10,454
1937	4,184	4,085	1,426	119	106	270	955	5,003

a. Such as walnuts, loquats, jujubes, mulberries, etc.

5. Bananas. Bananas are the only sub-tropical fruit at present grown profitably on a commercial scale. They are grown under irrigation in a few selected localities, principally in the Jordan Valley. The dwarf canary banana is the variety mostly grown. The local demand for bananas is considerable and is increasing. Prospects of exports are not promising owing to the cheaper costs of production in the principal producing countries, and trade restrictions in importing countries. Areas under cultivation in 1936 are as under :—⁷⁴

Tiberias Sub-District	490 dunums
Beisân Sub-District	280 "
Coastal Plain	280 "
Nâblus (Fara and <i>Jiftlik</i>)	110 "
Jericho	2,480 "
<hr/>	
Total	3,640 dunums

6. Melons. The melon is an important annual summer crop. Its extent and production are shown in Table XXVI.

73. *Ibid.*

74. Compiled from "Village Note Books".

TABLE XXVI

Area under Cultivation and Production of Melons and Water Melons
1931-1937⁷⁵

Year	Dunums	Tons
1931	121,180	28,706
1932	110,432	31,727
1933	103,629	20,748
1934	105,058	36,447
1935	125,875	68,799
1936	177,388	81,335
1937	166,224	102,659

Most of the crop is consumed locally. The export to Egypt which varied between 20 30,000 tons in 1925-1930 is now negligible, owing to the imposition of a high duty in 1930, but exports to Syria have been maintained.

TABLE XXVII

Exports of Water Melons, 1925-1937⁷⁶
(In tons)

Year	Total exports	Exports to Egypt	Exports to Syria
1925	29,741	19,874	9,848
1926	31,681	20,774	10,882
1927	36,934	26,577	10,357
1928	13,223	6,405	6,818
1929	49,151	34,771	14,378
1930	35,616	21,950	13,666
1931	15,928	3,207	12,721
1932	10,979	168	10,741
1933	6,802	—	6,802
1934	10,010	181	9,829
1935	11,316	381	10,935
1936	6,642	—	6,642
1937	6,901	1	6,900

⁷⁵ Compiled from "Village Note Books"

⁷⁶ Compiled from Blue Books and Palestine Commercial Bulletin.

D. VEGETABLES.

Great progress has been made in the expansion of vegetable growing in Palestine. The increasing population particularly in urban areas, constitutes an assured and expanding market for all kinds of vegetables; and Palestine is rapidly becoming self-supporting in this branch, except that large quantities of potatoes have still to be imported annually, as this crop was little grown before 1930. The development of vegetable growing is shown in Tables XXVIII and XXIX.

TABLE XXVIII
Vegetable Production, 1931-1937⁷⁷
(In tons)

Year	Tomatoes	Cucumbers	Potatoes	Other vegetables
1931	7,097	2,710	1,317	4,947
1932	7,978	2,868	929	12,596
1933	7,471	3,528	974	9,332
1934	11,201	7,049	1,834	16,381
1935	17,286	8,022	2,850	39,689
1936	19,027	6,801	5,000	39,493
1937	34,907	16,527	9,536	59,425

TABLE XXIX
Area under Vegetable Cultivation, 1931-1937⁷⁸
(In dunums)

Year	Tomatoes	Cucumbers	Potatoes	Other vegetables
1931	21,332	9,859	3,000	No record
1932	22,865	12,627	2,863	"
1933	29,566	15,764	3,835	"
1934	31,654	17,286	5,252	"
1935	32,246	17,377	6,142	about 60,000
1936	43,254	20,672	9,654	72,291
1937	45,819	21,387	9,454	74,860

77. Compiled from "Village Note Books."

78. *Ibid.*

Eighteen years ago, it was difficult to obtain sufficient and regular supplies of vegetables other than cucumbers and tomatoes. Now, however (1933) there is a steady supply of all kinds of vegetables, including good quality cabbages, cauliflowers, lettuce, beets, radishes, marrows, egg-plants (aubergines), peas, artichokes, and peppers. Among more recent introductions are asparagus, the improved type of Jerusalem artichoke from the United States, mushrooms from English spawn, and celery. Progress has been made not only as regards quantity and variety, but in the quality due largely to the introduction by the Government Department of Agriculture as well as by progressive growers, of good types of vegetable seed from England and the Continent, and their local acclimatization and propagation. In recent years, the Department of Agriculture has devoted considerable areas at its various experimental stations, for the raising and distribution free of charge, of millions of seedlings of improved varieties which are gradually replacing the coarse types all over the country.⁷⁹

Success in this branch has been aided by climatic, geographic and human factors. The Jordan Valley, in localities where water is available, is particularly suitable for early and out of season varieties, which always command higher prices in the towns. Along the Coastal Plain, where underground water can be obtained cheaply, vegetables are grown throughout the greater period of the year, owing to the warm climate and the comparative absence of frosts. In the hill districts, however, vegetable growing is dependent mainly on the winter rains.

1 Potatoes. Prior to 1930 it was generally believed that potatoes could not be grown successfully in Palestine, but as a result of experiments in the times of sowing, methods of cultivation, and testing out of numerous varieties, it has been proved conclusively that potatoes can be grown profitably. They can also be grown profitably between young citrus and other fruit trees, and thus the farmer can obtain cash crops while waiting for the orchard to bear fruit. Moreover, potatoes are generally a good soil-cleaning crop because, requiring a heavy dressing of manure, the soil is left in good condition, with a substantial residue of plant food. The average yield of the rain-grown crop is 600 to 800 kilos per dunum. The main crop is sown in winter and harvested during April to July.

Measures have been taken by Government to stimulate production

⁷⁹ In 1934/35 500,000 seedlings and 200 Kgs of seed were issued from Government Agricultural Stations and in 1935/36 750,000 seedlings and 138 Kgs of seed were distributed.

Since 1934,^{79a} customs duty on imported potatoes has been trebled during the period April to July of each year from £P. 1 to £P. 3 per ton, with satisfactory results. In addition, Government imported in recent years, several hundred tons of seed potatoes, from the United Kingdom for sale to growers at cost price, and also established numerous demonstration plots⁸⁰ to encourage farmers to grow more potatoes. The Zahlawi variety from the hilly areas of Lebanon have also given good results.⁸¹

Although areas and production are steadily increasing, imports have increased at a much faster rate, to meet the requirements of the increasing population. This is shown by the following statistics of potato imports :—⁸²

1922	3,887 tons
1927	6,078 "
1929	6,548 "
1930	7,431 "
1933	9,753 "
1934	12,349 "
1935	15,774 "
1936	17,605 "
1937	17,695 "

2. Tomatoes. The tomato crop has expanded exceptionally rapidly, and consumption up to the end of 1935 was met entirely by local production. This satisfactory development took place under the most effective form of protection, viz., an embargo on the importation of tomatoes into Palestine, which was imposed not on economic but on phyto-sanitary grounds. An Order of 1925, under the Plant Protection Ordinance, prohibited the importation of tomatoes into Palestine to guard against the introduction of Hibiscus Mealy Bug, and remained in force until the 5th September, 1935, when it was abolished since there were no longer any phyto-sanitary grounds on which it should be maintained. Soon after, tomatoes began to enter Palestine and depressed local prices very considerably, as growers could not compete with the cheap imports.⁸³ The customs duty was then doubled in March 1936, from £P. 2 to £P. 4 per ton.

^{79a}. Since 1927, the period when the highest duty of £3 is in force has been extended from 1st April to 31st August.

⁸⁰. *Agricultural Supplement No. 1 to Palestine Gazette* of 23.1.1936, p. 3.

⁸¹. *Agricultural Supplement No. 8 to Palestine Gazette* of 20.8.1936.

⁸². Compiled from *Blue Books* and *Palestine Commercial Bulletin*.

⁸³. *Agricultural Supplement No. 2 to Palestine Gazette* of 20.2.36, pp. 26 and 28.

There were good reasons for protecting tomato cultivation. It is a staple crop, it is capable of further expansion, and it is desirable to encourage intensified and diversified farming. There are additional suitable areas for tomato production in Jericho and Jerusalem (about 15,000 dunums) and in Beisan and Tiberias (about 15,000 dunums) which, at an average of 2 tons per dunum, would yield 60,000 tons, which is more than three times the existing production throughout the whole of Palestine.⁸⁴

3. Marketing. Most of the vegetables from the Jewish settlements where modern methods of irrigation, cultivation, and manuring are practised are marketed cooperatively through a central marketing organization, the Tnuva. The vegetables are carefully graded and packed, and distributed to various markets and towns, having regard to supplies already on the market and the prices ruling from day to day. In this way, the highest possible prices are obtained. Similar organization among Arab growers is lacking, but those villages in the neighbourhood of the main towns are able to bring their vegetables directly to the markets and tend to obtain the same prices as the 'Tnuva' without cooperative organization.

The problem of overproduction in regard to certain vegetables in the summer months, particularly in regard to tomatoes and cucumbers, is not as acute as it was a few years ago, owing to the increasing demand of the urban population. For the future, the solution lies in the canning of tomatoes and cucumbers and in the manufacture of tomato juice for culinary purposes.

A few modern canneries devoted mainly to the production of canned grapefruit and citrus juices and jams, now produce good quality tomato juice and ketchup, cucumbers and mixed pickles in brine, and sauerkraut. Much still remains to be done in the future, to stimulate the 'home canning' and preservation of vegetables for domestic purposes. Developments in this direction, however, are largely dependent upon the provision of facilities for teaching 'home-canning' to the farmer and his family.

E. TOBACCO

Before 1918 the cultivation of tobacco was prohibited in several parts of the Turkish Empire, including Palestine, except in a few villages in the north, to protect the monopoly in the hands of the Tobacco Reges.⁸⁵

⁸⁴ *Agricultural Supplement No. 2 to Palestine Gazette of 20.12.36* p. 29.

⁸⁵ *Report of the High Commissioner on the Administration of Palestine 1920-1925* p. 17.

This monopoly was abolished in 1921, and within a year cultivation increased from 265 tons to 694 tons in 1922, and reached the peak figure of 1,845 tons in 1924.

Production, and area under cultivation of tobacco since the War are shown in Table XXX. In the last decade, the average production per dunum was 46 kilos which compares with 60 kilos in the Lebanon and 70 kilos in Latakia.⁸⁶

TABLE XXX

Area under Cultivation and Production of Tobacco,
1921-1937 ⁸⁷

Year	Tons	Dunums	Average yield per dunum in kilos
1921	265	1,779	150
1922	694	4,832	144
1923	645	5,122	126
1924	1,845	27,137	70
1925	678	11,812	58
1926	540	8,995	60
1927	547	10,305	52
1928	342	7,915	44
1929	1,194	20,810	57
1930	954	23,457	40
1931	504	13,479	38
1932	571	12,369	46
1933	402	9,328	43
1934	1,012	19,948	52
1935	1,031	22,232	47
1936	1,236	29,959	41
1937	2,371	55,434	43

Exports are negligible, while a small quantity of leaf, representing about 10-15 per cent. of local production, is imported annually for blending. Thus, the whole of the crop is used in the local manufacture of cigarettes.⁸⁸ The varieties grown are mostly Turkish, and cultivation is confined largely to the ranges of Acre and the Galilean hills in the north. Imported cigarettes are mostly Virginian from the United Kingdom and

86. S. B. Himadeh, *Economic Organization of Syria* (Beirut, 1936), p. 81.

87. Compiled from "Village Note Books".

88. The manufacture of cigarettes, tobac, etc., is discussed in Chapter V.

the better kinds of Turkish cigarettes. Local production pays excise fees, and is protected by adequate import duties.

The enthusiasm displayed for tobacco planting in 1924, resulted in the production of a crop largely in excess of local requirements, and for the greater part, of a quality unfit for the export market.⁸⁹ The resulting large unsaleable surplus and failure to obtain imperial preferential customs duties for leaf shipped to the British markets, coupled with the growing demand for cigarettes manufactured from Virginia bright leaf, has resulted in annual production being reduced to about 1,000 tons, to meet local requirements.^{90a}

Most of the crop is purchased by a few large tobacco factories who make advances to the growers. These factories also employ experts who advise the growers in the manipulation of their crop. Production could be increased but cultivation is voluntarily or naturally restricted in the knowledge that tobacco produced in excess of local requirements would have to meet keen competition abroad and would not realize satisfactory prices.

There is room for considerable improvement in the production of tobacco. The growers require more guidance as to which seeds are best fitted for particular localities. Curing of the leaf is carried out in the houses of the peasants and the aroma is undoubtedly affected by the domestic cooking which proceeds together with curing. The quality would be considerably improved and, in consequence, better prices would be obtained, if the growers were to organize to erect central buildings for curing, grading, baling and storing their tobacco.⁹⁰

IV Poultry, Bee-Keeping and Livestock Raising

A POULTRY AND EGGS⁹¹

There are two systems of poultry farming in Palestine, the very modern with electrically controlled incubators and pedigree birds with a high egg-laying rate, i.e., the intensive system adopted by most Jewish farmers, and the primitive or extensive system with low egg laying rates.

⁸⁹ *Annual Report of the Department of Agriculture and Fisheries* 1925 p. 26.

^{89a} Owing to the unusually high production in 1937, Govt took measures to limit the total area under cultivation in 1938 to 30,000 dunums [official Communiqué No. 21/37 of 13.12.1937].

⁹⁰ *Annual Report of the Department of Agriculture and Fisheries* 1934 p. 28.

⁹¹ This section is based largely on a Report of a Sub-Committee of the General Agricultural Council on Poultry and Eggs' 1935 (Unpublished), and an article on 'The Poultry Industry in Palestine' published in Agricultural Supplement No. 26 of 17th Feb., 1934.

at practically no cost, practised by Arab poultry keepers. The Jewish settlements dispose of most of their poultry and eggs cooperatively through the Tnuva. Expansion in the raising of poultry has taken place concurrently with increasingly big imports from cheap-producing countries such as Syria, Egypt and Roumania. Owing to the advantages of co-operative organization, and grading, Jewish poultry raisers have been able to obtain higher prices for their eggs—the eggs sold by Arab villagers are not graded and fetch much lower prices. The sale of local eggs by Jewish cooperative societies increased from nine million in 1935 to 32 million in 1937. Similar cooperative organization is lacking but is most desirable in the Arab villages.⁹² Jewish settlements have specialized in White Leghorns for egg production. For general purposes, i.e., for meat as well as eggs, the Rhode Island Red and the Light Sussex breeds have proved their merits.

Poultry keeping in the Arab villages is mainly the occupation of the women, and the birds, mostly of the *baladi* breeds, are left to find their own food by scavenging. The *baladi* fowl is a mixture of Mediterranean breeds.

Measures have been taken by Government to improve poultry-raising and poultry breeds. Efforts have been made to interest the Arab men folk, and short courses of instruction have been arranged at the Acre Poultry Station. Cocks of European breeds have been supplied for crossing with the village fowls. Eggs and young chicks have been sold to villagers at low rates from the Government poultry stations. 50,000 pedigree hatching eggs, and 1,500-2,000 selected birds, mostly cockerels, have been issued annually to interested farmers.⁹³ Six poultry and bee-keeping demonstration and distribution stations were established in 1932, to enable the *jellahin* to obtain breeding birds and hatching eggs more easily. The following were distributed from Government poultry stations during the past six years, free of charge or at low rates :—⁹⁴

Year	Hatching eggs	Pure bred birds
1931/1932	44,484	3,014
1933/1934	42,000	2,475
1934/1935	39,000	7,150
1935/1936	45,000	10,750
1936/1937	57,000	15,900
1937/1938	65,000	9,500

⁹². Stockdale, *op. cit.*, p. 36.

⁹³. *Report of the Department of Agriculture and Fisheries, 1927-1930.*

⁹⁴. Extracted from *Annual Reports of the Department of Agriculture and Fisheries.*

These activities together with those of Jewish settlement organizations have resulted in a marked increase and improvement in the quality of the poultry

1 Number of hens and egg production In 1934, there were about 1,370,000 hens in Palestine. Only some 200,000 of these were kept under modern conditions. The other 1,170,000 were kept mostly in backyards in flocks of 10 or less and on mixed farms in flocks of 20 to 50, under very primitive housing conditions. Practically no attention being paid to feeding. The number of poultry keepers is roughly 40,000.

It is estimated that in 1937 there were —

1,200,000 hens which lay 50 eggs per annum = 60,000,000
400,000 hens which lay 120 eggs per annum = 48,000,000

Total egg production 1937

108,000,000⁹⁰

2 Imports of eggs and poultry, and consumption. About 93 million eggs were imported into Palestine in 1937, which, together with the local production of 108 million, gives a consumption of 201 million eggs. The average per capita consumption in 1937 was 153 eggs⁹⁰.

At least a third of the laying hens which are culled annually are consumed by the producers or sold. Nearly 1,920,000 live birds were imported in 1936 for consumption, as compared with about 680,000 in 1934 and 280,000 in 1933. The average weight of the local table fowl is about 1¼ kilos and that of the imported table fowl 1½ kilos. Average per capita consumption of poultry works out to about 2.8 kilos per annum as compared with 2.5 kilos in the United Kingdom. The higher consumption of poultry in Palestine is due to the dietetic habits of the Moslem and Jewish population, the difficulty of obtaining good quality and cuts of meats, and the hotel demands for tourists.

⁹⁰ In 1937 the poultry population had increased to 2,473,612 (Annual Census of the Govt. Dept. of Agriculture).

^{90a} Average laying capacity per hen per annum from record of the Government Poultry Station at Acre —

Breed	No
White Leghorn	156
W. Waudotte	163
L. Sex	171
R. I. R.	143
Australorps	145
Plymouth Rock	151

⁹⁰ It is estimated that the Jewish population consume 300 eggs per capita, the figure for the Arab population being under 100.

TABLE XXXI

Imports of Eggs and Poultry 96a

Year	Eggs		Poultry	
	No.	Value £P.	No.	Value £P.
1925	8,773,311	20,639	No record	No record
1926	14,902,973	38,122	" "	" "
1927	9,794,452	22,682	16,468	2,040
1928	6,452,302	16,007	10,238	1,180
1929	11,254,861	29,785	48,397	4,804
1930	7,706,159	18,305	39,833	2,858
1931	7,566,998	15,931	40,223	3,214
1932	18,102,975	34,625	179,703	12,262
1933	34,316,000	63,245	280,236	17,179
1934	56,982,000	105,633	678,820	41,437
1935	75,924,000	138,209	1,764,614	133,479
1936	91,225,000	190,081	1,919,000	161,741
1937	92,910,000	182,530	1,261,469	89,070

3. Suitability of Palestine for poultry farming, and possibility of expansion. Practically the whole of the country is well suited for poultry farming, from a climatic point of view. Mortality rates compare not unfavourably with those in England; and Palestine is more suitable for poultry raising than neighbouring countries. The average mortality rate of poultry kept under reasonably suitable housing and feeding conditions is from 15-20 per cent. for young birds, most of the deaths occurring during the first eight weeks of the chicken's life.

The poultry industry in Palestine could be expanded rapidly with comparative ease because it requires little capital. About 750,000 additional laying hens with a capital investment of about £P. 400,000 would be required in order that Palestine may be self-supporting in eggs and poultry.

4. Reasons why production has not kept pace with the local demands. The increase in the population, an increase in the number of tourists, the improved standards of living and the expansion of local industries using eggs (such as bakeries, confectioners, etc.), account in part for the increase in the import of eggs from under 8 million in 1931, to

9,500,000 in 1937, and the increase in the import of live poultry from 40,000 in 1931, to nearly 2,000,000 birds in 1936. These imports entered Palestine at low prices. The import price (which is comparable with the local wholesale price) fell from 210 mils to 182 mils per 100 eggs between 1931 and 1935 in rural areas. Comparable figures for poultry are 80.1 mils and 65.3 mils per bird. The difficulty of disposing of local poultry especially the cockerels, at a fair price owing to cheap imports has had a most discouraging psychological effect on poultry producers. Furthermore, experience in recent years had shown that local fresh eggs could not compete successfully with imported eggs, as the consumer was unable to distinguish between the imported and the local fresh eggs.

In view of the foregoing foreign competition, Government have recently resorted to protective measures. A customs duty of 25 mils per bird was imposed and the customs duty on eggs was increased from 2 mils to 1 mil per egg during February to June 97. Legislation was also enacted in 1936 prescribing that all imported eggs must be marked indelibly to show the name of the country of origin from which the eggs were imported. It is hoped that these measures together with customs exemptions granted on poultry feeds and equipment will help to stabilize prices and stimulate the development of this industry.

B BEE KEEPING AND HONEY

1. Production⁹⁷ In 1933 the production of honey was estimated at 150 tons derived from 12,000¹⁰⁰ modern hives. The production from the other 18,000 native hives was regarded as comparatively negligible. It is estimated that with the existing honey plants available, it should be possible to maintain 70,000 modern hives, yielding at the normal rate of 25 kilos per hive a total production of about 1750 tons. As the number of hives kept by the average bee keeper does not exceed 50 it should be possible for at least 1,000 farmers to engage in bee keeping.

It is considered that bee-hives could be accommodated as follows —

- (a) In the citrus area, 60,000 hives, i.e., at one hive for 4 to 5 dunums

⁹⁷ These duties were imposed on the 22nd April 1937 and the period of the higher duty was, in the following year, extended from December to June.

⁹⁸ Barley, maize, cod liver oil and meat fish meals.

⁹⁹ This section is based on the Report of the Committee on Agricultural Economics and Marketing of the General Agricultural Council 1934 (Unpublished).

¹⁰⁰ In 1934 there were 14,000 and in 1935 19,000 hives belonging to 600 bee keepers.

Approximate yield	1,500 tons
(b) In the hills and elsewhere	
10,000 hives with an approximate yield of	250 tons
	<hr/>
Total	1,750 tons
	<hr/>

The above yields should be saleable as follows :—

1,500 tons orange honey @ £P. 55. per ton = £P. 82,500

250 tons other honey @ £P. 45. per ton = £P. 11,250

£P. 93,750

It is estimated that the average maintenance cost per hive is :—

Sugar 10 kilos @ 7 mils = 70 mils

Wax foundation 100 „

Depreciation of hive and equipment 100 „

Maintenance 50 „

320 mils

Consequently, a production of 25 kilos @ 50 mils per kilo, gives a gross income of £P. 1,250 and a net profit of 930 mils. A bee-keeper with 50 hives should thus have a supplementary income of about £P. 45 on an investment of about £P. 70 for the hives and equipment.

2. Trade in honey. Local production and imports and exports of honey are shown in Table XXXII. Although imports are very small in relation to the total local production, bee-keepers have complained recently that the imports at low prices have considerably depressed the prices of the locally produced honey.

3. Future problems. When the production increases very considerably, the problem of marketing will arise and the most urgent need will be the standardization of products and the organization of marketing.¹⁰¹ Analysis of representative samples of different kinds of honey from the various parts of the country has now been completed with a view to drawing up suitable regulations to ensure that all honey exports conform to certain standards in the interests of future marketing. Such regulations have since been published in the Palestine Gazette No. 769 of 8/4/1937.

101. Stockdale, *op. cit.*, p. 37.

TABLE XXII
Production, Import and Export of Honey 101a

Year	Local production	Imports	Exports
1927	—	4	12
1928	—	2	17
1929	80	2	24
1930	70	8	21
1931	110	7	23
1932	120	2	20
1933	150	3	13
1934	200	22	5
1935	225	14	4
1936	275	9	13
1937	275	15	11

4 Government assistance to bee keepers The native hives are unprofitable and uneconomic, and the transfer of all bees from native to modern hives is proceeding regularly year by year, with the assistance of Government. A modern bee-hive costs £P 1 and these are supplied by Government to bee-keepers, on easy terms of payment. £P 2,500 has been loaned by Government, for this purpose, during the past few years.

Short courses of instruction to bee-keepers are given at the central poultry and bee-keeping station at Acre. Inspectors visit bee-keepers both to instruct them and detect diseases and advise them in the treatment of diseases and the control of hornets. All hives are inspected for the presence of foul brood disease of bees, and the infected colonies are destroyed and the hives disinfected 102

Sugar, free of customs duty to the amount of 10 kilogrammes per hive, is used to bee-keepers during years when the honey crop is poor, to encourage them to feed their bees to the full extent necessary. 190 tons were so distributed in 1936.

C LIVESTOCK RAISING

The principal livestock raised in Palestine are cattle, sheep, goats, horses, mules, donkeys and camels. Cattle are used by the Arabs mainly

101a Figures of production estimated by Govt. Dep't. of Agriculture, figures for imports and exports from *Bue Books* and *Palestine Commercial Bulletin*.
107 Report of the Department of Agriculture and Fisheries, 1935/36

as working animals for their agricultural operations, such as ploughing and threshing; while Jewish farmers keep dairy cattle, primarily for the production and sale of milk and dairy products. Sheep and goats are raised, mainly by the Arabs, for meat—young fat lambs and kids being in constant demand—and milk, which is converted into *laban* (sour milk) and cheese. Mules, donkeys and camels are used as working animals in the farms, and also for local transportation between the villages and towns. The number and value of livestock is shown in Table XXXIII.

TABLE XXXIII

Number and Value of Livestock in 1937 ¹⁰³

Kind	Number	Average value per head £P.	Estimated total £P.
<i>Cattle :</i>			
Calves	34,970	4	139,880
Oxen & Bulls	36,800	9	331,200
Milking Cows			
(a)	20,000	40	800,000
(b)	30,000	15	450,000
(c)	47,375	9	426,375
Buffaloes	6,064	12	72,768
Sheep	209,422	1	209,422
Goats	361,424	1	361,424
Poultry	2,660,092	0.100	266,009
Horses	20,053	15	300,795
Mules	8,989	20	179,780
Donkeys	92,205	5	461,025
Camels	28,035	12	337,020
			4,335,698

The existing stock of cattle, sheep and goats is not adequate to meet the local demands for meat and dairy produce. Despite systematic efforts to increase local herds and improve their quality, imports increase year by year to meet the requirements of the expanding population and it is not likely that this situation will be radically changed in the near future. Throughout the dry summer of six months, there is practically no natural pasture or grazing, and, consequently, animals cannot be economically raised and fattened for slaughter as yet, and, in most cases, it pays to keep cows and goats and sheep for their milk only. Over a million

103. Based on the Government enumeration of livestock in 1937.

TABLE XXIV
Net Imports of Total Dairy Produce 104

Year	Butter		Cheese		Milk condensed and powder		Syrup		Total
	Kilos	£P	Kilos	£P	Kilos	£P	Kilos	£P	£P
1927	184 014	12 371	178 787	19 807	331 582	12 750	357 289	45 855	90 783
1930	217 665	36 898	106 390	12 406	187 335	10 301	232 458	27 346	86 941
1933	873 632	75 420	168 406	16 957	253 141	13 170	417 117	39 240	144 817
1935	2 291 750	191 353	1 013 798	55 006	1 266 646	41 114	616 152	56 412	343 885
1936	2 492 124	224 577	810 656	42 911	1 582 077	47 313	555 377	45 383	360 184
1937	2 422 069	234 729	1 051 735	56 675	1 944 044	51 632	570 281	50 971	393 957

104 Compiled from Blue Books and Palestine Commercial Statistics

Palestinian pounds were expended in 1937 on imported cattle, sheep and goats for slaughter purposes (£P. 660,000) and dairy produce (£P. 394,000), as shown by Table XXXIV and Table XXXV.

TABLE XXXV

Value of Net Imports of Cattle, Sheep, and Goats, and Dairy Produce 105

Year	Cattle, sheep and goats £P.	Dairy produce £P.	Total £P.
1927	130,484	90,783	221,267
1930	317,865	86,941	404,806
1933	247,576	144,817	392,393
1235	643,283	343,885	987,168
1937	660,805	393,967	1,054,772

In favourable seasons, there is adequate grazing available during the spring months, to provide for flocks of cattle, sheep, and goats; but during the summer months, and unfavourable seasons, when drought conditions prevail, there is a scanty supply of vegetation, and flocks rapidly lose condition and suffer from starvation. The grazing places are principally the hill slopes and waste lands.

The whole future of the livestock industry is dependent upon increasing and improving the supply of animal feed which, in turn, depends upon the availability of water for fodder production.¹⁰⁶ This has been appreciated by the Jewish settlers, many of whom depend to a very large extent for their prosperity on the proceeds received from dairy products.¹⁰⁷ In fact the biggest development which has taken place, next in importance to the expansion of the citrus industry, is that of the dairy industry. This industry, among the Jewish farmers, depends almost entirely upon the growing of nutritious fodder crops such as *berseem* (Egyptian clover), lucerne, and oat and vetch hay under irrigation, and upon the feeding of concentrates, with the result that the average cow in Jewish dairy herds now produces 3-4,000 litres per annum compared with the production of 500-700 litres by the native cow.

105. *Ibid.*

106. Stockdale, *op. cit.*, p. 44.

107. *Ibid.*, p. 31.

1 Cattle 103 Less than one third of the cattle are kept primarily for dairy produce the remainder being of the type used principally for ploughing and other agricultural works About 80 per cent of the dairy cows in the country are crosses of pure bred Dutch bulls and local cows particularly of the Damascus breed Of the remainder, about 6 per cent are pure bred Dutch 4 per cent Damascus and Lebanese, and 10 per cent Swiss brown Or Friesian and others

The Dutch breed has been principally used during the past fifteen years with considerable success for crossing and upgrading of the basic breeds of cows available By crossing the native cows with Dutch bulls the annual milk yield has been increased from 500 to 3 000 litres, and by crossing the Damascus and Lebanese cows with Dutch bulls, the milk yield has been increased from 2 500 to 4 000 litres

Pure-bred Dutch cows give the highest milk yields the average yield of this breed reaching at Kiryath Anavim and Atarot settlements (near Jerusalem) 5 000 litres (in 1935) There is a recent tendency, however, to cross local stock with Guernsey bulls in order that the milk of the resulting progeny may have a higher butter fat content, for butter production

Table XXXVI shows the number of cattle in the country, imported and slaughtered

TABLE XXXVI
Cattle in Country Imported and Slaughtered

Year	Number in country ^a	Imports through Animal Quarantine Stations ^b		Number slaughtered ^c
		Male	Female	
1921	108 500		2 916	8 494
1924	—		8 934	27 182
1927	—		4 718	12 190
1930	146 397	6 978	1 650	20 706
1933	159 559	16 082	6 194	54 207
1935	130 804	33 040	9 148	51 923
1937	175 209	25 962	869	54 992

a. Enumeration by Government Department of Agriculture

b & c Records of Government Department of Agriculture

103 A part of this section is based on the report of the Chief Veterinary Officer
3 r J M Smith included in the Report of the Department of Agriculture and Forests for 1935/36

2. Sheep and goats. Sheep and goats are kept primarily for milk production and secondarily for meat, wool or hair and skins. A large part of the milk is consumed by the flock owners themselves; but it is believed that the greater proportion reaches the market as *laban*, cheese and *samn* (melted butter). The *samn* thus produced does not meet local needs, and a considerable amount is imported.¹⁰⁹ According to Dr. S. Hirsch, the average annual milk yield of a ewe (female sheep) is about 40 litres and of a goat 75 litres.¹¹⁰ The fat content of the milk is 4 per cent. for sheep and $3\frac{1}{2}$ per cent. for goats.

Sheep and goat flesh is eaten mostly by the Arabs, whereas the Jews prefer beef. Local production does not meet local demands, and a very large number of sheep and goats is imported annually for slaughter purposes, mostly from Turkey, Syria and the Arabian Peninsula. The number imported, and slaughtered, as well as the number of these animals in the country is shown in Table XXXVII. The total number actually slaughtered during the years prior to 1937 were, in fact, larger, as the record in the table refers only to the slaughter houses in respect of which the Veterinary Service of the Government has records. Those records represent about 60 per cent. of the total number slaughtered.

TABLE XXXVII

Number of Sheep and Goats in the Country, Imported and Slaughtered

Year	Number in the country ^a		Number imported ^b		Number slaughtered ^c	
	Sheep	Goats	Sheep	Goats	Sheep	Goats
1921	—	—	26,211	13,954	65,013	34,613
1924	296,906	514,552	109,985	48,295	134,399	63,892
1927	—	—	121,554	57,617	171,379	92,440
1930	252,773	440,132	152,322	56,369	149,254	79,918
1933	—	—	165,814	93,317	157,540	93,748
1936	—	—	204,853	69,804	123,094	48,721
1937	209,422	361,424	230,861	112,443	224,558	105,665

a. Enumeration by Govt. Dept. of Agriculture.

b. & c. Records of Govt. Dept. of Agriculture.

109. In 1935 imports of *samn* amounted to 616,152 kilos valued at £P. 56,412.

110. S. Hirsch, "Sheep and Goats in Palestine", *Bulletin of Palestine Economic Society*, Vol. VI, No. 2, February 1933, p. 8.

The wool product on of the Palestinian sheep is small and the quality poor being suitable for coarse fabrics only¹¹¹, whereas the skins and hides are of greater importance. The exports of hides and skins amounted in 1936 to 2 376 000 kilos valued at £P 108,070 as compared with 427 000 kilos valued at £P 28 151 in 1930¹¹².

The extension of sheep and goats and their improvement depend largely on the ability to provide more and better food. The Jewish settlements in Galilee have in recent years devoted some attention to rearing sheep of local breeds crossbred by imported rams. The Association of Jewish Sheep Breeders now comprises 22 settlements owning about 11 000 head of sheep and goats. These flocks are satisfactorily housed and yarded and in addition to grazing, are hand-fed during the summer and autumn months. The milk of the sheep and goats belonging to this Association was estimated in 1935 as 400,000 litres, most of which was made into cheese.

3. Horses, mules, donkeys and camels. The horse of the country consists of an indifferently bred Arab and is of the riding type. A few are used for draught purposes in the towns and for work. Mules are bred only to a small extent in Palestine, although there is a considerable demand for mules for transport and farm work. Such animals are largely imported from Cyprus and Syria. Government is encouraging mule breeding by distributing jackasses in the districts for stud purposes and, to a small extent by improving the quality of the mare. The donkey is of a large pack type, and is capable of carrying comfortably about 80 kilos. Few good riding donkeys are bred. The camel is of the transport type, capable of carrying between 160 and 200 kilos. Except in Beersheba Sub-District camels are not bred in Palestine. All are imported from Trans Jordan and Syria. Good riding camels are not obtainable in adjacent territories.

Pigs are also raised in Palestine, but on a very small scale. It is estimated that there are about 150 pig breeders in the country all from the Christian farming community, who produce annually about 2,000 pigs. The bulk of the local requirements of bacon and ham is imported and during 1935 the value of such imports exceeded £P 15 000. Pigs are also imported alive and 800 head were introduced in 1935 as compared with 33 in 1930.

¹¹¹ S. Hirsch *op cit.*, p. 9

¹¹² *Palestine Annual Report of the Department of Customs, Excise and Trade* 1934 I 41 and 1936 p. 65

TABLE XXXVIII

Number in the Country and Imports of Horses, Mules, Donkeys, and Camels 113

Year	Horses		Mules		Donkeys		Camels	
	In country	Im-ported	In country	Im-ported	In country	Imported	In country	Im-ported
1921	6,548	2,636	3,934	5,943	32,689	26,629	8,846	10,886
1930	13,825	989	5,304	682	76,858	471	25,341	18,115
1932	14,100	702	5,599	876	—	661	32,317	7,155
1934	16,355	1,298	7,481	1,396	75,784	965	32,033	26,138
1937	20,053	348	8,989	591	92,205	494	28,085	19,554

V. Dairy Farming 114

After citrus, dairying is the industry which has made most progress since the War. Modern dairying with pedigree cows, kept in well-constructed stables, consuming fodder grown under irrigation, and yielding 3,000 to 5,000 litres of milk per annum, is practised almost entirely in the Jewish settlements. Although the yields of milk are high, the cost of production is also high. The cows must be kept in sheds, the growing of forage involves the installation of a relatively costly water supply, while a good deal of concentrated fodder has to be purchased. The yield of cows owned by Jews is estimated at 35 million litres (in 1937). Of this, about 28 million litres are marketed in the towns of which some 70 per cent. was marketed cooperatively, through the Tnuva.

The cows of Arab farmers are kept mostly in the open and they feed on natural grazing in the winter, and stubble in the summer. Fodder is not commonly raised or purchased, and cowsheds are rarely provided. In consequence, the costs of cow-keeping under such conditions are very low, but the milk yields are, therefore, only about 500-700 litres per annum. Owing however to the large numbers of cows, goats, and sheep

113. The number of animals in country is based on enumeration of Govt. Dept. of Agriculture, and imports are compiled from *Blue Book* and *Palestine Commercial Bulletin*.

114. This section is based on :

- I. E. Volcani, *Factors of Production in the Dairy Industry*, 1937.
- Ludwig Samuel, *The Modern Dairy Industry in Palestine and Analysis of the Milk Market*, 1937.
- Report submitted in 1938 of the Dairy Committee of the General Agricultural Council (unpublished).
- Records of the Department of Agriculture & Fisheries.

owned by Arab farmers the total annual milk yield from such animals is estimated at about 66 000 000 litres of which only 8 million litres find their way to the market the balance being consumed locally in the villages in the form of fresh milk *laba* and cheese. As most of the milk produced by Arab farmers is produced during only three months of the year, February to April and is consumed in the village itself Arab dairying has not yet developed as a modern industry. The following analysis refers therefore mainly to the modern (Jewish) dairy industry.

A NUMBER OF DAIRY COWS GOATS AND SHEEP

In 1937 local dairy cows were estimated at about 83 000 including 10 000 pedigree cows in Jewish herds. There were about 158 000 sheep and 280 000 goats mostly kept by Arab farmers. Milk production may therefore be estimated roughly as follows —

(a) Stock on Jewish Farms

	Litres	Total Litres
10 000 cows at 3 500 litres	35 000 000	
13 000 cows at 60 litres	780 000	
	<hr/>	35 780 000

(b) Stock on Arab and other Farms

2 000 cows at 1 500 litres		
(in urban areas)	3 000 000	
1 000 cows at 3 000 litres (in		
Tempel geselschaft settlements)	3 000 000	
70 000 native cows at 500 litres	35 000 000	
158 000 native cows at 50 litres	7 900 000	
280 000 native goats at 60 litres	16 800 000	
	<hr/>	65 700 000

Total 101 480 000

The herds kept by Jewish farmers are of Dutch Friesian and Swiss breeds. Most are not pure breeds however, but the results of crossing between imported pure breeds and the Damascus cows. The fat content of the milk of these cows is about 3.6 per cent that of the native cows is probably the same. For butter making the fat content ought to be about 5%.

B CAPITAL VALUE OF COWS BARNS ETC., AND DAIRIES

The pedigree cows in Jewish farms are estimated to have an average value of £P 40 each. 10 000 at £P 40 would therefore have a value

of about £P. 400,000. Investments in cowsheds, dairies, water supply for fodder production, are estimated at a further £P. 500,000. No such estimates are available for Arab dairy.

C. VALUE OF MILK OUTPUT.

The value of the total output of milk in the Jewish dairy industry may be estimated at about £P. 396,000 in 1937. (Thus, 36,000,000 litres at 11 mils per litre.) The value of milk from Arab herds at 8 mils per litre would be about £P. 520,000.

D. INCREASE IN MILK PRODUCTION SINCE 1920, AND ITS DISPOSAL.

It is difficult to estimate the development of production in the Arab dairy. Doubtless, Arab milk production for the market has considerably increased since the War. Milk production of the Jewish dairy has increased from 130,000 litres in 1920 to 36 million litres in 1937. In 1936/37, milk from Jewish dairies, sold through the Tnuva, was disposed of as under :—

	%	litres
In the form of fresh milk	34	6,412,000
" " " " " cream	14	2,570,000
" " " " " <i>laban</i> , kefir	8	1,400,000
" " " " " butter and cheese	44	8,368,000
	<hr/>	<hr/>
	100.0	18,750,000 116
	<hr/>	<hr/>

Milk, cream, *laban* and kefir, being fresh perishable products, do not meet with competition from imported products. Moreover, the imported cheese is not of the same kind as the locally produced cheese. Consequently, the competition is from imported butter.

E. BUTTER IMPORTS AND PRICES.

Imports of butter represent 80 to 90 per cent. of the total consumption of butter in Palestine, (see Table XXXIX).

The reason for these big imports are :—First, foreign butter has continuously fallen in price since 1929, causing an increase in imports

116. In 1935 the sale of food stuffs from Jewish farms to the consuming public was estimated at about £P. 500,000 (excluding citrus). Of this, 44% was accounted for by milk, 7% beef and veal (which are the by-products of dairying), 16% fruit, 11.5% eggs and poultry, 10% vegetables and potatoes, and 10% cereals. Thus dairying is the main source of income on Jewish mixed farms.

and consumption, (per capita consumption in 1929 being about 2½ lbs, and in 1935 nearly 7 lbs.) Second, the export of butter to Palestine, mainly from Latvia, Lithuania and Australia, is subsidized. Without such dumping foreign butter would cost retail 25 per cent more. Third, local production of milk at present is only sufficient to meet the demands for liquid milk, cream, and *laban*. Fourth, foreign costs of production are cheaper. Local costs require to be reduced, especially by producing more home-grown forage, instead of importing fodder and concentrates.

TABLE XXXIX

Local Production, Imports and Consumption of Butter
(In tons)

Year	Local production ^a	Imports ^b	Total	% of foreign product
1930	59	218	277	79%
1931	73	342	415	82%
1932	122	493	615	80%
1933	116	873	989	88%
1934	103	1 773	1 877	95%
1935	150	2 291	2 441	94%
1936	310	2 492	2 802	98%
1937	350	2 422	2 772	87%

^a Estimates of Dairy Committee of the General Agricultural Council
^b From *Blue Books and Palesire Commercial Bulletin*

The Tnuva butter is sold at much higher prices than the imported butter. This is attributed to psychological and sentimental reasons connected with the "buy-home-products-movement". A comparison of the retail prices of Tnuva and foreign butter is as follows — 118

Year ^a	Tnuva butter mils per lb.	Foreign butter mils per lb.
1929	355	217
1931	308	171
1933	269	158
1935	280	150
1936	250	150
1937	250	160

^a Tnuva year ending 30th September

F. COSTS OF PRODUCTION AND THE FODDER PROBLEM.

Costs of production on Jewish farms are about twice as high as in the principal butter exporting countries, chiefly because of the difference in the cost of fodder. The majority of mixed Jewish farms are on non-irrigated land. In most cases, the needed quantity of fodder is not grown on the farm itself and considerable quantities of forage and concentrated food have to be purchased. If such food could be produced on the farm, this would cheapen the cost of production and thereby reduce imports of butter. The primary obstacle to the immediate expansion of dairying in Palestine on a sound economic basis is the absence of large areas for natural grazing. The solution would appear to be largely dependent on the availability of water¹¹⁹ for irrigating fodder crops.

VI. The Control of Pests and Diseases which Attack Plants and Animals¹²⁰

A. CONTROL OF PLANT DISEASES AND PESTS.

The chief plant pests are the Black Scale (*Chrysomphalus aonidum*), the Red Scale (*Chrysomphalus auranti*), the Mussel Scale (*Lepidosaphes beckii*), the stone-fruit tree borers (*Capnodis spp.*), the Mediterranean Fruit Fly (*Ceratitis capitata*); field mice, and locusts. Other pests and diseases are the Fig Scale (*Ceroplastes ruscii*), the grape-berry moth (*Polychrosis botrana*), codling moth (*Carpocapsa pomonella*) and potato-leaf hopper (*Empoasca lybica*). The life histories of insects and diseases and the use of insecticides are studied in the Government Entomological laboratories at Jerusalem, Sarafand, Acre, and Tiberias. The results of research have enabled the control of a number of injurious pests and diseases. In order to prevent the introduction of pests and diseases from abroad, all imports of plants are inspected by Plant Inspectors, under the Plant Protection Ordinance. The number of consignments of imported plants and fruits, vegetables and seeds so inspected was 9,059 in 1934/35 and 9,553 in 1935/36.

1. The Black Scale, Red Scale and Mussel Scale. These pests attack citrus trees, and used to do considerable damage to the trees and fruits, but their injury is being gradually controlled. The Black Scale is being controlled by fumigation, and the Red Scale by fumigation or spraying.

119. See under "Irrigation".

120. This section is based on the reports of various officers of the Govt. Dept. of Agriculture and Fisheries.

A survey is being made in the Jaffa citrus area of the Mussel Scale which is spreading rapidly with a view to finding the best methods for its control

2 The stone fruit tree borers These attack apples, apricots and almonds Tree cutting and beetle collecting was begun in 1931 with a view to controlling the depredations of the beetles, but the campaign was abandoned in 1933 since it gave no promise of constituting an adequate means of control An intensive study of the pest is being undertaken for the purpose of finding better means of control

3 The Mediterranean Fruit Fly This insect attacks olives, peaches, citrus fruits, apricots, apples and melons and causes great damage Its complete control has not yet been possible, but trials are being made for finding the most effective method for combating the pest

4 Field mice Field mice are a menace to cereals They are combated by poisoning wheat and gassing machines Where properly used the gassing machines have given very satisfactory results

5 Locusts Palestine was invaded by locusts in 1918, 1929 and 1930 and campaigns were then organized by the Entomological Service and equipment and labour for this purpose were provided by Government with exceptionally satisfactory results The damage done by locusts was negligible as they were destroyed as they settled on the boundaries of Palestine and in Trans Jordan The laying places were marked, and the eggs and hoppers were then destroyed Thus the country was saved from very severe damage which was the rule before the War when locusts periodically invaded the country and met with relatively little or in effective resistance Large supplies of anti locust equipment are now held in store in readiness for future invasions A Locust Destruction Ordinance was prepared and published in 1932 to enable prompt and efficacious measures to be taken in the future

B CONTROL AND SUPPRESSION OF ANIMAL DISEASES

In order to protect the flocks and herds of the country, a staff of qualified veterinary surgeons is employed to deal promptly and effectively with any epizootic disease which may suddenly appear, and to control and eradicate gradually the more serious endemic animal diseases Cattle Plague (Rinderpest) which occurred ten years ago was successfully eradicated with negligible losses to farmers while under the Turkish regime this plague caused considerable losses every two or three years Good progress has and is being made in the suppression of endemic diseases The chief animal diseases are tick fevers, bovine contagious

abortion, anthrax, equine diseases, stomach worm and various poultry diseases. A Veterinary Laboratory has been established by Government to diagnose disease, to prepare vaccines and sera for use in the field and to investigate local diseases the causes of which are unknown. (See Section VIII).

1. Tick fevers. Imported and grade dairy cows are much more susceptible to tick fevers than native cattle. The losses among such cows, although still serious, have been greatly reduced where cattle dipping baths have been provided by Jewish settlers (at their own expense) and where cattle are regularly dipped throughout the tick season. Mortality, cases of fever and losses in milk yield have all decreased; and the profitability of the dairy herds has improved in the Jewish settlements. There are at present 20 cattle dipping tanks and additional tanks are to be constructed in the near future.

Native cattle, which form the bulk of the cattle belonging to Arabs, are not so seriously affected. There is little or no mortality among adult cattle resulting from tick fevers, the reason being apparently that when young, they acquire a certain amount of immunity, or that the local strain of cattle has an inherited resistance. (Tick fevers are responsible, however, to a certain degree for stunting of growth, unthriftiness and lack of vitality; but these would be considerably diminished if the Arab villager were to feed his cattle more generously.

Tick fevers cause serious direct and indirect losses among sheep and goats, particularly during seasons when grazing is scarce, resulting in a lower resistance and vitality of the animals. The benefits of regular dipping of sheep and goats have been demonstrated to Arab flock-masters in all sub-districts for several years by Government. The dipping demonstrations consist of the provision of portable zinc dipping baths; and sheep dipping powder is issued gratis and the sheep and goats of the areas are regularly dipped for two consecutive seasons. Arab flock-masters now realise the value and necessity for dipping their flocks of sheep and herds of goats. During the past 3 years, 19 permanent concrete sheep dipping baths were built in villages, partly from loans granted by Government for the purpose and partly by contributions collected from flock-masters. It is anticipated that dipping will gradually become a regular practice throughout the country.

2. Bovine contagious abortion. This disease is confined to dairy herds in Jewish settlements and its eradication is gradually being achieved. There are now 90 herds comprising 6,500 head of cattle under regular test of which 79 are entirely free of the disease. The profitability of

those dairy herds from which the disease has been eradicated has greatly increased. Cattle breeders more than ever realise and appreciate the importance of stocking their farms and replenishing their herds only with cattle drawn from abortion free herds, and enhanced prices for such cows are paid as compared with those paid for cows of similar milking and other qualities originating from herds which are not under Government control.

Contagious abortion among native cattle is of little economic importance although afflicted with a local strain of *Brucella abortus*, the cows seldom abort as a result.

3 Anthrax Anthrax, which is widespread in this country, causes considerable mortality each year, particularly among sheep and goats in Arab villages. These losses can be prevented by vaccinating stock every year. Officers of the Veterinary Service have continuously advocated this practice and vaccinate gratis all animals in herds and flocks in which cases of anthrax occur. In 1935 it was possible to collect 10 mils per head of sheep or goat from Arab flock-masters in the Jerusalem Sub District to cover the cost of the vaccination, and over 80,000 animals have now been vaccinated with excellent results. There were no deaths due to vaccination and none among the vaccinated animals during the year. On the other hand mortality was quite high in flocks which were not protected by vaccination. It is hoped that with the assistance of the villagers it will be possible to extend in future the practice of annual protective vaccination of livestock against anthrax.

4 Equine diseases Cases of Glanders and Epizootic Lymphangitis are fortunately rare. Affected animals, whenever reported to, or detected by, field staff are destroyed and the owners compensated by Government for loss sustained. On the other hand dourine, which is a serious horse-breeding disease, is widespread. The incidence of this disease, however is being gradually reduced as a result of the measures introduced by Government. All horses are blood tested periodically, diseased stallions are castrated, and any diseased mare is either destroyed and the owner compensated by Government or branded and its further use for breeding prohibited.

5 Stomach worm disease of sheep and goats This disease, locally known as 'Jiam' is very prevalent and widely distributed throughout the country. It is one of the principal causes of the debility and emaciation so frequently observed among local sheep and goats and in some years and during certain months is responsible for serious mortality. Prevention of this affection is possible by drenching animals with a copper

sulphate solution, and veterinary personnel continuously demonstrate this practice in villages. Despite their efforts, however, very few flock-masters have adopted the method regularly.

6. Poultry diseases. There are no serious epidemic poultry diseases at present in the country. Different diseases, such as fowl pox, fowl cholera, fowl typhoid, coccidiosis, spirochaetosis, coryza, etc., however, hinder the development of the poultry industry and every possible effort is being made to reduce losses to a minimum and ways and means of combating and preventing diseases are explained to poultry keepers by touring officers. Vaccines and sera are prepared by the laboratory for use in outbreaks.

7. Quarantine-prevention of the introduction of stock diseases. While attempting to improve the quality of livestock, they must be protected against epidemics which might be introduced from adjacent territories and from overseas. This involves carefully designed measures and constant vigilance, as the land frontiers are passable and fordable by livestock at innumerable places, especially during the dry season, and natural features do not assist frontier patrols to the extent necessary to prevent entirely the smuggling of animals which is greatly encouraged by the local heavy demands for food animals.

To prevent the introduction of epidemics, a chain of fourteen land frontier quarantine stations, situated at the main points of entry of livestock into Palestine from adjacent territories, has been established. Haifa Quarantine Station, which is the largest of all, deals with animals imported from overseas. Imported stock are detained in quarantine for varying periods under regulations which prescribe the conditions under which different classes of livestock may be imported by sea and land routes into Palestine from different countries. Personnel stationed at frontier quarantine stations patrol the frontiers with the object of preventing the illicit importation of livestock.

Due to the efficacy of quarantine, Palestine has been free from major epizootic diseases for the past twelve years.

VII. Agricultural Education and Demonstrations 121

Agricultural Education in Palestine before the British Occupation was almost non-existent except for the Mikveh Israel School founded in 1870 by the PICA (Edmond de Rothschild Foundation), and the Salesian Agricultural School founded at Beit Jimāl. With these two exceptions,

121. Based mainly on information obtained by the Government Department of Agriculture directly from the educational institutions themselves, by means of questionnaires.

agricultural education is a post war development in which Jewish enterprise figures largely partly because of the recognition that town bred immigrants from various countries are in need of special training, and partly because of the desire of the Jewish farmers and their sons and daughters to adopt up-to-date and scientific methods. Moreover, practically all Jewish farmers are literate and keep in touch with modern agricultural literature and practices as a matter of ordinary intellectual interest quite apart from the utilitarian aspect. The villagers on the other hand are still largely illiterate and conservative in their methods. They are inclined to be sceptical in the adoption of new methods and are hindered by the lack of capital in introducing new practices to improve their farm stock and equipment.

A AGRICULTURAL SCHOOLS

Two Agricultural Schools were established by Government from the bequest of the late Sir Ellis Kadoorie. This bequest with interest accumulated to £P 177 000 the greater part of which was devoted to the construction of the two schools and the balance invested, yielding an income of about £P 3 000 per annum which is credited towards the annual maintenance of these schools. The first school was established for Arabs at Tulkarm in 1931 with accommodation for 70 residential students. The second school for Jews was established in 1934, at Mt. Tabor, with accommodation for 50 residential students.

The objects of these schools are to provide practical courses of agriculture in all its branches implemented by lectures in elementary agricultural and allied sciences so that when the students return to their lands they may not only develop their own farms, but encourage the adoption of improved farm practices and it is hoped that their farms will serve as model to the neighbouring villages and settlements.

At the Tulkarm School ten students who complete their two-year course in agriculture are selected annually to receive a third year's training in pedagogy with a view to their appointment as teachers in rural schools so as to give an agricultural bias to education. Thirty five such students have been trained since the inception of the scheme in 1933.

In addition to two Kadoorie schools, which are subventioned yearly to the extent of about £P 3 500 each by Government, there are several private Jewish schools supported by Jewish institutions, and a few private Arab orphanages supported from Catholic sources, where agricultural training is provided. A list of these private schools together with the number of students and the expenditure and revenue (where this information is available) is given in Table XI.

TABLE XL
Number of Students and Expenditure and Revenue of Private
Agricultural Schools in Palestine, 1936

Name of School	No. of students		Expenditure on		Revenue	
	Boys	Girls	School	Farm	School fees	Sale of farm products
<i>Jewish</i>			£P.	£P.	£P.	£P.
Alliance Israelite Agricultural School, Mikveh Israel	300	—	15,509	16,692	10,259	19,543
The Canadian Haddassah Agricultural School for Girls, Nahalal (W. I. Z.O.)	—	100	5,100	3,086	2,150	3,350
Children's Farm, Ben Shemen	80	51	7,300	2,798	4,500	2,890
Children's Village, Meir Shfeya	60	50	5,993	1,044	—	1,630
Girls Training Farm, Ayanoth (W.I.Z.O.)	—	70	3,000	3,000	300	2,700
Agricultural Secondary School, Pardess Hanna (in course of completion) ^a	29	5				
Total number of students	469	276				
<i>Arab</i>						
Salesian Agricultural School, Beit Jimāl	71	—	1,276	2,558	Nil	3,780
Orphelinat Agricol des Pères Trappists, Latrūn	16	—	—	—	—	—
Agricultural, School, Rāfāt	32	—				
Total number of students	119					
Grand total number of students	588	276				

a. Expenditure and Revenue not yet known as the school is not yet working with a full number of students or staff; dormitory, class-rooms, and laboratory, etc., not yet completed.

Government assistance to private agricultural schools takes the form of per capita grants paid by the Department of Education, amounting in all to about £P 300 per annum the biggest grant being £P 100 per annum to the Mikveh Israel School, which is the oldest and largest agricultural school in Palestine.

Besides these agricultural schools proper, there are several other Jewish orphanages schools or nurseries which have agricultural or horticultural sections or branches with fruit and forest nurseries, vegetable gardens and some cows and poultry. These sections or branches are not yet sufficiently important in the agricultural sense to merit the status of 'Agricultural Schools', although they are doing very useful educational work. They are supported entirely by contributions from Jewish sources.

B SCHOOL GARDENS

Apart from these schools there are 213 Arab village school gardens which are supervised by the Government Department of Education 86 being under trained agricultural teachers and about 120 gardens attached to Jewish schools. The Government Department of Agriculture issues to these schools available supplies of improved seeds, plants and fruit trees and vegetables and loans simple implements, where possible. In all of them some attention is given to horticulture and the cultivation of vegetables while in some poultry-breeding and bee keeping are included in the agricultural curriculum.

C DEMONSTRATIONS AND EXTENSION WORK 122

A considerable portion of the staff of the Government Department of Agriculture consists of officers who do a considerable amount of touring in the villages and settlements in order to encourage the rural population to adopt improved farming practices. These officers advise farmers on systems of rotation introduction of new crops and vegetables the application of organic manure and fertilizers, the care, management and feeding of animals and poultry, the necessity for growing more fodder crops and making silage to supplement the feeding rations of animals, the treatment of diseases and pests and actually issue to farmers quantities of improved seed, vegetable seedlings, fruit trees bud wood and pedigree poultry, etc.

Thirty seven demonstration farms or plots were laid down in co-operation with progressive farmers in 1935. The plots are usually about 75 dunums each and are designed to demonstrate to the neighbouring villages and settlements, improved rotation systems, new crops such as forage and potatoes, the better results obtained from improved and graded

122 Sections C to E have been adapted from *Memoranda prepared by the Govt of Palestine for the use of the Royal Commission* Mem No 9

seed, the higher yields obtained by the application of fertilizers, and generally the benefits which would accrue by the adoption of improved methods of tillage.

To improve and stimulate poultry and bee-keeping in Arab villages, ten District Poultry Stations and Apiaries have been established. These stations serve as demonstration centres for Arab poultry keepers of the respective areas. Hatching eggs, day-old chicks and six weeks old pullets and cockerels are sold from these stations at reasonable prices to villagers and instruction in poultry keeping is given by touring personnel. To upgrade the fowls in villages, over 3,000 cockerels between 8 and 12 weeks old were distributed recently in 1935 in different villages in exchange for local birds. The results of this grading scheme are very encouraging in some villages where pure-bred cockerels have been used during the last two years. To encourage and establish modern bee-keeping in villages Government issues frame hives with full equipment on the "hire-purchase" system. About 2,100 bee hives were so issued during the years 1934-1936. Special instructors frequently visit Arab bee-keepers, and advise and instruct them, step by step, on the management of bees kept in modern hives.

Entomological Officers give advice on the methods of combating and controlling pests and diseases; and they demonstrate the use of spraying and dusting machines which are also loaned to farmers. The latter are also given small initial quantities of insecticides free of charge and citrus trees are fumigated compulsorily (about 140,000 each year during the past three years, 1934-1936) under the Plant Protection Ordinance, to check the spread of scale insects which would otherwise reduce the yields of the trees and render the fruit unmarketable.

D. AGRICULTURAL AND HORTICULTURAL STATIONS.

There are six Government Agricultural Stations, at Farrâdiya, Acre, Beisân, Jericho, 'Ein 'Arrûb and Majdal. These stations are so sited as to embrace the different climatic conditions of the country.

Comparative experiments are carried out to ascertain the most remunerative crops to grow, and the best methods of cultivation. Selected seed is raised in considerable quantities, and distributed to farmers to improve their crops, both in regard to quantity and quality.

In addition, the Jewish Agency has its own Extension Staff who advise Jewish farmers in cooperation with their own Research and Experimental Stations.

There are nine Government Horticultural Stations, three in the hill-

Farradiya Nablus Ein Arrub three in the plains Majdal, Sarafand, Acre and three in the Jordan Valley, below sea level at Jericho, Farvna, and Bersan. The staff of these stations are frequently consulted by the general public and meetings are occasionally held at the stations.

Thirty horticultural demonstration plots throughout the countryside serve as a practical means of educating the people as to methods of fruit culture and the best kinds of fruit trees which should be grown. Recently, the general public have been kept in closer touch with this work by means of the Palestine Broadcasting Service the Government Department of Agriculture's monthly Agricultural Supplement, and by the distribution of occasional leaflets.

E EDUCATION IN REGARD TO ANIMAL HUSBANDRY

Every effort is made to educate stock-owners to report promptly the occurrence of any disease of a contagious or infectious nature. Veterinary Officers who are in constant touch with farmers, explain to them the nature and symptoms of scheduled diseases and how diseased animals should be isolated pending the arrival of a Government Veterinary Officer, and make every endeavour by demonstration and persuasion, to overcome the ignorance and apathy of villagers towards disease control. In order to convince stock-owners of the benefits which they derive from disease control measures the results of preventive and curative treatment in respect of each disease are demonstrated to them. For example dipping demonstrations are carried out to show the benefits of regular dipping of stock. Animals exposed to anthrax infection are vaccinated free of charge to prove the efficacy of vaccination.

Except in the case of ploughing animals, the Arab farmer does not hand feed his animals when grazing is scarce, and leaves them to subsist on whatever they can find. His female stock are served at random mostly by inferior sires and as a result, local breeds of animals have degenerated. Touring staff consequently explain the necessity for and advantages of rational feeding. To demonstrate the value of using good sires Government grants premiums to owners of bulls and jackasses which are selected and approved as stud sires by Veterinary Officers, provided the owners agree to allow villagers to use them gratis. In villages where a premium bull or jackass is provided, all other male bovines and jackasses are castrated. The progeny of these selected sires is, of course, better than that of scrub male stock and thus the *jellah* gradually learns the benefit of selecting his reproducing stock and of eliminating scrub and unprofitable animals.

Special fortnightly courses in bee-keeping are held at the Central Poultry Station and Apiary at Acre. These courses are well attended by Arab and Jewish bee-keepers. In addition, practical courses in poultry and bee-keeping of three months duration are held at Acre, all the year round, and they are well attended.

VIII. Research and Investigations ^{122a}

The agricultural research and investigational work in Palestine is carried out by the various services of the Government Department of Agriculture, *viz* : the Agricultural service, the Horticultural service, the Plant Protection service, the Animal Husbandry and Veterinary services; also by Jewish institutions, *viz* : the Jewish Agency, the Palestine Jewish Colonisation Association, the Mikveh Israel Agricultural School and the Hebrew University. Space does not allow a detailed discussion of the agricultural research undertaken by these agencies; only a brief statement of the work will be given here.

A. RESEARCH AND INVESTIGATIONS BY THE DEPARTMENT OF AGRICULTURE.

1. Investigations by the Agricultural service. The Agricultural service provides for investigation in the following directions:—

a. The determination of the most suitable types of cereals and legumes for various districts of Palestine and the breeding of grain from these types when standardized.

b. The determination of the most suitable varieties of vegetables for various districts and an extensive production of types and varieties for seed distribution purposes. The results of investigation, so far, have been gratifying.

c. Experimental work in connection with fertilizers both qualitative and quantitative.

d. Irrigation experiments with a view to finding the optimum economic application of water for all crops.

e. Introduction of crops of greater intrinsic value not usually grown in the country, to suit introduced forms of agriculture such as dairying, and to broaden the basis of farming.

f. Experiments in storage of potatoes.

^{122a}. This section is based on notes furnished by various officers of the Dept. of Agriculture for a Survey of Agricultural and Veterinary Research throughout the Empire, compiled by the Colonial Office (London, 1937).

2 Investigations by the Horticultural service The Horticultural service has the following programme in hand —

a. A study of local stocks of deciduous fruit trees which are more or less resistant to the hard local climatic conditions, and a study of the adaptability of imported scions

b. Introduction and testing in different parts of the country, of early and late varieties of citrus, such as Naval and Valencia, with a view to extending the export season

c. Investigation in irrigation for finding the optimum water requirements for different citrus root stocks under different conditions

d. The determination of the most desirable spacing in the plantation of citrus trees in the different parts of the country

e. Experimentation in planting of citrus trees with a view to finding the most advantageous methods of establishment of a citrus grove, particularly the planting of budded trees versus stocks to be budded in situ, and an investigation as to the best time of the year and best age of stocks for budding

f. A study of stocks for oranges and grapefruit with reference to the value of the different stocks for different soil conditions and for resistance to damage by hot winds (*Khamsin*)

g. Investigations with a view to finding a standard box acceptable to all parties for the export of citrus

h. A general survey of the citrus groves has been commenced over the whole country with a view to determining areas, ages, stocks, scions and incidence of pests and diseases. This is required mainly for framing crop estimates. About two-thirds of the work has so far been completed. A more detailed economic survey of the citrus groves of the Acre Sub-District has been undertaken, which survey has brought to light the serious financial plight of grove owners, the inefficiency of existing methods of irrigation and the universal appreciation of the value of fumigation.

i. Varietal studies of vines have been instituted with a view to ascertaining the best early, late and mid-season local or imported varieties for the different climatic and soil conditions of the country and the suitability of certain stocks to various conditions of soil, particularly alkalinity and salinity, irrigation and non irrigation. The Horticultural service has established nurseries for the propagation of selected varieties. A vine survey has also been instituted in order to collect accurate data on

areas under vines, varieties, stocks, conditions, etc.; and experiments have been undertaken with different systems of pruning and trellising of vines in old vineyards where plants are still creeping along the soil.

j. Introduction and testing of table varieties of olives with a view to ascertaining their suitability to local conditions. The best of these varieties are being propagated extensively and distributed by the Horticultural Service.

k. An analysis of the composition and quality of Palestinian olive oil has been carried out. The analysis has shown the oil to be poor in fats, proteins and ash, and attempts have been made to improve the quality and quantity of the crop by manuring, pruning and spraying. These are being conducted on a small scale by Government on demonstration plots owned by villagers. A study is also being made of the causes of acidity in the locally produced olive oil, with a view to finding remedies. Some, if not all, of the causes have been detected.

l. Experiments of a somewhat elementary character in planting and subsequent treatment of bananas. Planting in trenches versus in basins was instituted for comparison as to protection from wind, even distribution of fertilizers and water, and drainage. Artificial wind-breaks are also being tried. Experiments in desuckering bananas and in the effect of irrigation water containing various percentages of salt have been carried out with significant results.

m. Experiments in the treatment and planting of imported date offshoots, and in the effect of salinity in the development of date palms.

3. Research by the Plant Protection service. The following is the research work undertaken by the Plant Protection service :

a. A study of the life history and control of *Capnodis carbonaria* and *Capnodis tenebrionis* which attack stone fruits, and an investigation of the responses of wild almond varieties to environment and cultural treatment and the effect of different scions on root development. It is estimated that six to seven years will be required to complete the investigation. In the meantime mechanical and chemical control methods are being studied on known susceptible stocks.

b. An intensive study of the habits and environmental reactions and control of the Mediterranean Fruit Fly, (*Ceratitis capitata*) which is an important pest of citrus.

c. A study of the life history and habits of a major pest of potatoes known as *Empoasca lybica*, which appears to be the carrier of a virus as yet unidentified.

d Research on *Chrysomphalus ficus* (a pest of citrus) in the Northern District has been carried out as far as is necessary at present with most satisfactory results

e Research on insecticides Successful studies in the direction of reducing as far as possible the number of insecticides which should be advised for use by farmers and vegetable growers, in order to avoid confusing their minds have been in progress for the last three years and are still going on. A branch of this investigation is the search for safe non-arsenical insecticides and one which fulfils nearly all requirements for vegetable growers has been thoroughly tested and is in use Similar investigations are being made for the control of grape berry moth and codling moth and are giving satisfactory results which will enable consumer of grapes pears and apples to be relieved of all anxiety regarding arsenical poisoning A suitable and cheap winter wash for Fig Scale (*Ceroplastes ruscu*) is also being sought and also for the vine bud moth

4 Investigations by the Animal Husbandry and Veterinary Services The following investigations are undertaken by the Animal Husbandry service

a Pedigree stock is maintained at the Government Stock Farm at Acre for use in connexion with the efforts being made to improve the stock of the country Special attention is also being given to the production of commercial *Karakul* lamb skins by crossing the local "Acasi" sheep with pure bred *Karakul* rams

b Investigations on poultry, rabbit and bee-keeping Tests are made of the following

- (1) Materials for poultry houses,
- (2) Types of poultry houses,
- (3) Types of poultry yards,
- (4) Types of poultry utensils,
- (5) Twenty different feeding rations are under test,
- (6) Incubation trials,
- (7) The rearing of chicks,
- (8) Breed tests including White Leghorn, Rhode Island Red, Black Leghorn, Light Sussex, Barred Plymouth Rock, Wyandotte and Australop and selected strains of the local *Baladi* fowl,

- (9) Breed tests with rabbits;
- (10) Types of beehives—5 are under test;
- (11) Races of bees and their comparative honey production;
- (12) Bee feeding.

The following research is being conducted in the Government Veterinary Laboratory at Jaffa :—

- a. Experiments on the value of protective inoculation against tick diseases of cattle (*Theileria annulata*).
- b. Diagnosis of Pulpy Kidney Disease of Sheep, (*Enterotoxemia*), and experiments on the production of vaccine for same.
- c. Research on Cell Inclusion Disease in Poultry.
- d. Research work on a disease of fowls which appears to be due to a virus but which presents many features different from any of the known poultry diseases.
- e. Experiments in vaccination against Fowl Pox.
- f. Preliminary research on udder disease of cattle (*Chronic Catarrhal mastitis*).

B. RESEARCH BY JEWISH INSTITUTIONS.

The more advanced and intensive state of Jewish farming generally has resulted in the creation of special problems which have been met to some extent by the creation of special research organizations by Jewish institutions. The oldest of these organizations is the research section of the Mikveh Israel Agricultural School, founded in 1870, which enjoys a high reputation in the neighbourhood, and has on its staff some very experienced and enthusiastic workers. The Palestine Jewish Colonisation Association (Edmond de Rothschild's Foundation) has also carried out some agricultural research, and so has the Hebrew University in its departments of Zoology, Chemistry, Parasitology and Hygiene and Bacteriology. But systematic and comprehensive research has been concentrated at the Rehovot Station of the Jewish Agency. As this station has a large staff of specialists, and the necessary land and buildings and equipment, it was decided some years ago that, in order to obviate over-lapping and duplication of efforts and resources, certain essential research which ought normally to be undertaken by Government, and which would require the engagement of specialized research workers, the acquisition of more land, the erection of buildings, and the purchase of special equipment and

apparatus could be more economically carried out by the Research Station of the Jewish Agency under a system of Government Grants in aid

In 1935/36 grants amounting to £P 6550 were made and are being continued in 1936/37 and 1937/38 to the Jewish Agency's Research Station for schemes approved by Government. Similar grants amounting to £P 380 were made to the Hebrew University

The conditions of these grants provide, *inter alia*, (1) that Arab growers and cultivators be given the same facilities as Jews in obtaining data in their own language and in having access to and making use of the Research Station by arrangement of visits and otherwise, and (2) that all results of general interest should be published in the three official languages

1 The Agricultural Research Station, Rehovot. This central Research Station of the Jewish Agency works in ten divisions as follows: Agricultural Chemistry, Animal Nutrition and Dairying, Plant Pathology, Entomology, Horticultural Physiology and Genetics, Agronomy, Plant Breeding, General Horticulture, Rural Economics and Extension. In addition to the Central Station there are also three sub-stations and five cooperative experiments—two on citrus problems and three with problems associated with mixed farming.

The Agricultural Chemistry division has made extensive soil surveys and has carried out detailed studies of Palestinian soils. Particular attention has been given to the soil problems of citrus cultivation, the manurial requirements of oranges and grape-fruit, soil alkalinity and to the composition of irrigation waters and their effects on citrus cultivation. Questions connected with the production of dairy products under Palestine conditions have also been investigated.

Investigations in the Animal Nutrition division have been mainly in connexion with food rations for cows and sheep, methods of making hay and the utilization of waste products from the citrus industry as animal feeds.

The work of the Plant Pathology division includes (a) study of disease of citrus nurseries and methods of control to overcome the high mortality and number of abnormal seedlings, (b) investigation into the causes of wastage of citrus fruits in storage and transport, and (c) a survey of diseases attacking vegetables and cereals.

Research in the Entomology division includes (a) studies of the bionomics of Mediterranean Fruit Fly and the physiological processes

which follow stinging of fruit to ascertain to what extent gumming protects fruit and how far stung fruit may be detected by inspection;¹²⁴ (b) study of the life history and habits of *Capnodis* species; (c) investigation as to the possibility of biological control of Red Spider and Red Scale of citrus; and (d) examination and identification of pests of vegetables.

Research in the Agronomy division comprises field experiments including cultural operations, rotations, manurial trials and irrigation trials, in connexion with cereals, forage crops, vegetables and a number of medicinal, insecticidal, fibre and oil-yielding plants which are under trial.

Research in the Plant Breeding division is mainly carried out at the sub-station at Giv'at and includes selection and hybridization work in connexion with wheat, barley, oats, flax, maize, millet (*dura*), sunflower, sesame, lucerne and potatoes. Collections of wheat and barley varieties from neighbouring countries have been made and their suitability for Palestine conditions is being ascertained.

The General Horticulture division undertakes field experiments with citrus; and experimental data are being secured on various trials with green manures and fertilizers, on irrigation experiments to determine the duty of water, and on the yields of blocks of citrus budded on the sweet lime and sour orange respectively. At the sub-station at Giv'at, variety trials with vines and figs are being carried out; and at Qiryat-'Anavim, a wide range of trials with varieties of deciduous fruits, olives and nuts have been started.

Research in the Horticultural, Physiology, and Genetics division includes a number of studies concerning the physiology of citrus and deciduous fruits. The mineral nutrition of citrus is being specially investigated and the value of various citrus species as stock for the Jaffa orange is being studied. Selection work and hybridization with citrus is in hand and the acclimatization of certain tropical and sub-tropical fruits is being attempted.

The division of Rural Economics has devoted much attention (a) to the study of types and operations of farms established under the collective, cooperative, and individual settlement schemes; (b) to comparative analyses of results obtained from non-irrigated plantations of grapes, almonds and olives and from irrigated plantations of citrus and bananas; and (c) to the dairy industry and vegetable production. Special studies

124. This work has considerable bearing on the work of fruit inspection for export.

have also been made of types of farms in the hilly area, and comparisons between mechanical and animal traction on farms have been undertaken. Surveys connected with farm management are being carried out and studies of farm book keeping are being made.

2 Investigations by the Palestine Jewish Colonisation Association. This organization is engaged on investigational work designed to assist in the settlement of certain areas which are in process of development and in the increase of the cultivation of grapes. Trials of tung oil and pyrethrum are also being undertaken.

3 Research by the Mikveh Israel Agricultural School. Agricultural research by this school is undertaken in its Chemistry, Bee and Poultry divisions. The Chemistry division carries out the following — (a) building up a museum of soil types (b) amelioration of alkali land by various methods of treatment to devise a cheap method for application in the Jordan Valley (c) a comparative study of different methods of soil analysis to arrive at the methods best suited to local conditions, (d) manurial experiments using artificial green and farmyard manures on oats, maize and other field crops and vegetables and examination of the effects of treatments on total nutrients in the soil (e) study of the decomposition of organic matter in treated plots and (f) study of absorption of nutrients and loss by leepage of fertilizers applied to citrus trees grown in lysimeters to obtain information on manuring of citrus.

The work of the Bee division includes (a) crossing of Palestine and Italian bees to obtain the docility of the latter breed with the hardiness of the former and (b) study of frequency of honey extraction. Research by the Poultry division includes (a) comparative hatchability of washed and unwashed eggs, and (b) comparison of materials for poultry house construction.

4 Research by the Hebrew University. Agricultural research work by the Hebrew University is undertaken in its departments of Zoology, Chemistry, Parasitology and Hygiene and Bacteriology. The Department of Zoology is making a comprehensive study of field mice and the factors producing plagues of this pest which, at intervals, cause great damage to grain crops. The Department of Chemistry is investigating the effects on certain soils of the utilization of saline irrigation water. The Department of Parasitology is studying parasites of animals, particularly *Theileria annulata*, the most important local disease of cattle and is experimenting on vaccination against the disease. The department of Hygiene and Bacteriology is conducting (a) a study of the

etiology and control of *mastitis* in dairy cows; (b) a study of the mode of spread and prevention of fowl pox and experimentation in vaccination against this disease; and (c) a study of spirochaetosis in fowl and experimentation for finding an effective vaccine.

IX. Degree of Agricultural Self-Sufficiency

The degree of general agricultural self-sufficiency may be roughly gathered from the figures of production, imports and exports, for 1937, as follows :—

The value of all forms of agricultural production in 1937,
excluding citrus, was estimated at wholesale prices
at £P. 5,675,051¹²⁵
The total net imports of agricultural produce in 1937 was £P. 2,930,810
£P. 8,605,861

The total value of net exports of agricultural produce
in 1937, excluding citrus, was £P. 229,235
Consequently total consumption of agricultural produce in
1937 may be estimated at £P. 8,376,626

In terms of percentages and values the above figures may be interpreted as follows :—

- (1) Imports present 35 per cent. of local consumption.
- (2) Palestine is self-sufficient in agricultural foodstuffs to the extent of 65 per cent. of its requirements.
- (3) The citrus crop represents 95% of agricultural exports and 74% of all exports.^{125a}

The degree of agricultural self-sufficiency in individual products may be obtained from the imports and exports of individual commodities. Table XLI shows for the years 1935, 1936 and 1937 the value of net imports, net exports, and the consequent deficiency or surplus for all the principal kinds of agricultural produce, excluding such commodities as rice, tea, coffee, and sugar, which are not grown in Palestine; and Table XLII gives the same for groups of products.

125. See introduction to Section V.

125a. *Vide* §7 on page 143.

TABLE XLI

Degree of Agricultural Self Sufficiency in Individual Products 126

Commodity	Year	Net imports £P	Net exports £P	Deficiency £P	Surplus £P
1 Cereals and Grain etc.					
Wheat	1935	117 428	1 000	116 428	—
	1936	205 454	57	205 397	—
	1937	364 844	9 760	355 084	—
Barley	1935	63 560	421	63 139	—
	1936	167 414	1	167 413	—
	1937	82 543	56 650	25 893	—
Lentils	1935	8 355	3 384	4 971	—
	1936	12 593	566	12 027	—
	1937	9 349	5 954	3 395	—
Bakseh gilbaneh and kersenneh	1935	12 498	904	11 594	—
	1936	18 147	265	17 882	—
	1937	14 127	284	13 843	—
Maize and dura	1935	14 002	14 792	—	790
	1936	42 315	6 448	35 867	—
	1937	90 808	53 318	37 490	—
Beans	1935	36 948	951	35 997	—
	1936	23 554	1 418	22 136	—
	1937	26 767	2 811	23 956	—
Peas	1935	3 129	47	3 082	—
	1936	4 120	11	4 109	—
	1937	4 149	—	4 149	—
Sesame and gingelly seeds	1935	20 589	16 827	3 762	—
	1936	20 715	4 877	15 838	—
	1937	24 407	28 322	—	3 915
Wheat flour	1935	348 950	6 675	342 275	—
	1936	352 727	—	352 727	—
	1937	416 377	1 026	415 351	—
Total	1935	625 459	45 001	581 248	790
Total	1936	847 039	13 643	833 396	—
Total	1937	1 033 371	158 125	879 161	3 915

(TABLE XLI Continued).

Commodity	Year	Net imports £P.	Net exports £P.	Deficiency £P.	Surplus £P.
II. <i>Tobacco</i>	1935	64,310	—	64,310	—
	1936	61,369	—	61,369	—
	1937	45,910	11	45,899	—
	1935	64,310	—	64,310	—
	1936	61,369	—	61,369	—
	1937	45,910	11	45,899	—
III. <i>Vegetables</i>					
Tomatoes	1935	—	1,680	—	1,680
	1936	5,125	5,683	—	558
	1937	5,581	2,339	3,242	—
Cucumbers	1935	—	278	—	278
	1936	—	32	—	32
	1937	10,818	146	10,672	—
Potatoes	1935	97,208	34	97,174	—
	1936	105,266	—	105,266	—
	1937	85,410	75	85,335	—
Onions	1935	18,766	11	18,755	—
	1936	18,322	—	18,322	—
	1937	20,733	507	20,226	—
Garlic	1935	3,740	42	3,698	—
	1936	2,328	10	2,318	—
	1937	2,129	—	2,129	—
Eggplants	1935	—	—	—	—
	1936	—	2,775	—	2,775
	1937	3	2,842	—	2,839
Other vegetables, raw	1935	29,188	1,079	28,109	—
	1936	41,783	1,100	40,683	—
	1937	28,711	501	28,210	—
Total	1935	148,902	3,124	147,736	1,958
	1936	172,824	9,600	166,589	3,365
	1937	153,385	6,410	149,814	2,839

(TABLE XLI Continued).

Commodity	Year	Net imports £P.	Net exports £P.	Deficiency £P.	Surplus £P.
IV Citrus Fruits					
Oranges	1935	—	3,152,271	—	3,152,271
	1936	—	2,506,565	—	2,506,565
	1937	—	3,757,460	—	3,757,460
Lemons	1935	—	18,201	—	18,201
	1936	—	34,620	—	34,620
	1937	—	33,747	—	33,747
Grape fruit	1935	—	375,965	—	375,965
	1936	—	306,724	—	306,724
	1937	—	534,490	—	534,490
Other citrus	1935	—	—	—	—
	1936	—	1,513	—	1,513
	1937	—	1,010	—	1,010
Total	1935	—	3,546,437	—	3,546,437
Total	1936	—	2,849,422	—	2,849,422
Total	1937	—	4,326,707	—	4,326,707
V Other Fruits					
Olives preserved	1935	10,883	2,008	8,875	—
	1936	11,416	1,208	10,208	—
	1937	11,432	1,872	9,560	—
Melons and water melons	1935	1,182	30,869	—	29,687
	1936	3,777	20,138	—	16,361
	1937	1,016	16,065	—	15,049
Grapes	1935	11,996	1,368	10,628	—
	1936	22,718	697	22,021	—
	1937	11,557	2,097	9,460	—
Apples	1935	125,736	—	125,736	—
	1936	156,957	—	156,957	—
	1937	106,289	1	106,288	—
Apricots	1935	5,005	—	5,005	—
	1936	2,542	—	2,542	—
	1937	8,994	—	8,994	—
Bananas	1935	—	10	—	10
	1936	—	19	—	19
	1937	27	150	—	123
Dates	1935	3,181	—	3,181	—
	1936	860	—	860	—
	1937	2,314	—	2,314	—
Other fresh fruits	1935	57,135	430	56,705	—
	1936	59,315	—	59,315	—
	1937	53,503	284	53,219	—
Total	1935	215,118	34,685	210,130	29,697
Total	1936	257,585	22,062	251,903	16,380
Total	1937	195,132	20,469	189,835	15,172

(TABLE XLI Continued).

Commodity	Year	Net imports £P.	Net exports £P.	Deficiency £P.	Surplus £P.
VI. Fodder (for the Dairy Industry)					
Cakes of all sorts	1935	7,490	9,630	—	2,140
	1936	18,175	2,205	15,970	—
	1937	16,429	37,935	—	21,506
Hay, <i>tibn</i> and bran	1935	15,293	534	14,759	—
	1936	30,902	411	30,491	—
	1937	27,932	1,270	26,662	—
Other feeding stuffs	1935	1,177	4	1,173	—
	1936	1,597	198	1,399	—
	1937	4,834	18	4,816	—
Total	1935	23,960	10,168	15,932	2,140
	1936	50,674	2,814	47,860	—
	1937	49,195	39,223	31,478	21,506
VII. Milk Products					
Butter, fresh	1935	191,353	—	191,353	—
	1936	224,579	2	224,577	—
	1937	234,729	—	234,729	—
Cheese	1935	56,260	1,254	55,006	—
	1936	43,878	967	42,911	—
	1937	57,040	415	56,625	—
Milk, condensed	1935	25,734	—	25,734	—
	1936	29,264	—	29,264	—
	1938	27,888	—	27,888	—
Milk powder and milk food	1935	15,380	—	15,380	—
	1936	18,049	—	18,049	—
	1937	23,744	—	23,744	—
Milk cream	1935	1,121	—	1,121	—
	1936	1,043	—	1,043	—
	1937	324	—	324	—
Samn	1935	56,463	51	56,412	—
	1936	45,410	27	45,383	—
	1937	51,035	64	50,971	—
Total	1935	346,311	1,305	345,006	—
	1936	362,223	996	361,227	—
	1937	394,760	479	394,281	—

ECONOMIC ORGANIZATION OF PALESTINE

(TABLE XLI Continued).

Commodity	Year	Net imports £P.	Net exports £P.	Deficiency £P.	Surplus £P.
VIII Poultry and Bee Produce					
Poultry	1935	133,479	207	133,272	—
	1936	161,741	103	161,638	—
	1937	89,070	48	89,022	—
Eggs	1935	138,209	12	138,197	—
	1936	190,081	10	190,071	—
	1937	182,530	17	182,513	—
Honey	1935	567	314	253	—
	1936	425	867	—	442
	1937	688	660	28	—
Total	1935	272,255	533	271,722	—
	1936	352,247	980	351,709	442
	1937	272,288	725	271,563	—
IX. Livestock for Food					
Cattle (oxen, cows & calves)	1935	296,990	88	296,902	—
	1936	332,763	275	332,488	—
	1937	329,574	91	329,483	—
Goats and kids	1935	59,854	16	59,838	—
	1936	30,537	120	30,417	—
	1937	48,140	79	48,061	—
Sheep and lambs	1935	192,436	40	192,396	—
	1936	262,766	1,187	261,579	—
	1937	226,905	45	226,860	—
Other	1935	1,407	—	1,407	—
	1936	5,002	—	5,002	—
	1937	547	—	547	—
Total	1935	550,687	144	550,543	—
	1936	631,068	1,582	629,486	—
	1937	605,166	215	604,951	—

(TABLE XLI Continued).

Commodity	Year	Net imports £P.	Net exports £P.	Deficiency £P.	Surplus
<i>X. Fish</i>					
Fish, fresh	1935	67,151	5,277	61,874	—
	1936	65,171	4,500	60,671	—
	1937	80,621	3,576	77,045	—
Fish, tinned	1935	68,707	—	68,707	—
	1936	56,095	—	56,095	—
	1937	55,228	2	55,226	—
Fish in brine, dry, salted and smoked	1935	37,706	30	37,676	—
	1936	43,636	—	43,636	—
	1937	45,754	—	45,754	—
Total	1935	173,564	5,307	168,257	—
Total	1936	164,902	4,500	160,402	—
Total	1937	181,603	3,578	178,025	—
Grand Total	1935	2,420,566	3,646,704	2,354,884	3,581,022
Grand Total	1936	2,899,931	2,905,599	2,863,941	2,869,609
Grand Total	1937	2,930,810	4,555,942	2,745,007	4,370,139

TABLE XLII

Degree of Agricultural Self-Sufficiency in Groups of Agricultural Products

Commodity	Year	Net imports £P.	Net exports £P.	Deficiency £P.	Surplus £P.
I. Cereals legumes and oil crops	1935	625,459	45,001	581,248	790
	1936	847,039	13,643	833,396	—
	1937	1,033,371	158,125	879,161	3,915
II. Tobacco	1935	64,310	—	64,310	—
	1936	61,369	—	61,369	—
	1937	45,910	11	45,899	—
III. Vegetables	1935	148,902	3,124	147,736	1,958
	1936	172,824	9,600	166,589	3,365
	1937	153,385	6,410	149,814	2,839
IV. Citrus fruits	1935	—	3,546,437	—	3,546,437
	1936	—	2,849,422	—	2,849,422
	1937	—	4,326,707	—	4,326,707

(TABLE XLII Continued).

V Other fruits	1935	215,118	34,685	210,130	29,697
	1936	257,585	22,062	251,903	16,380
	1937	195,132	20,469	189,835	15,172
VI Fodder	1935	23,960	10,168	15,932	2,140
	1936	50,674	2,814	47,860	—
	1937	49,195	39,223	31,478	21,506
VII Milk products	1935	346,311	1,305	345,006	—
	1936	362,223	996	361,227	—
	1937	394,760	479	394,281	—
VIII Poultry and bee products	1935	272,255	533	271,722	—
	1936	352,247	980	351,709	442
	1937	272,288	725	271,563	—
IX. Livestock for food	1935	550,687	144	550,543	—
	1936	631,068	1,582	629,486	—
	1937	605,166	215	604,951	—
X Frsh	1935	173,564	5,307	168,257	—
	1936	164,902	4,500	160,402	—
	1937	181,603	3,578	178,025	—
Grand To a Grand Total Grand Total	1935	2,420,566	3,646,704	2,354,884	3,581,022
	1936	2,899,931	2,905,599	2,863,941	2,869,609
	1937	2,930,810	4,555,942	2,745,007	4,370,139
Net Surplus				1935	£P. 1,226,138
				1936	" 5,668
				1937	" 1,625,132

It will be seen from the above figures that the total exports of agricultural produce exceed imports, thus —

	Net imports £P	Net exports £P	Surplus £P
1935	2,420,566	3,646,704	1,226,138
1936	2,899,931	2,905,599	5,668
1937	2,930,810	4,555,942	1,625,132

Citrus fruits represented 97 per cent in 1935, 98 per cent in 1936 and 95 per cent in 1937 of the total value of all agricultural produce exported.

It is estimated that as citrus production increases from year to year, (the export crop is expected to be in the neighbourhood of 20,000,000 cases in 1942), the value of exports will increase at a faster rate than

the imports, and thus the favourable agricultural balance of trade will increase from year to year.

The following notes indicate, in respect of principal commodities, whether, in future years, Palestine is likely to become more or less self-sufficient, having regard to agricultural trends :—

Wheat and flour. As population increases, and as agriculture tends to become more intensive, the imports of wheat and flour are bound to increase.

Barley. The country is normally self-sufficient. In good years there are exports and in bad years, imports are necessary.

Tobacco. The country is self-sufficient and will continue to be so, except for small quantities of leaf imported for blending.

Vegetables. Vegetable growing is expanding and can continue to expand. Net imports are likely to diminish in the future.

Citrus. Exports will increase annually until the maximum export of 20-25 million cases is reached in 1942 or thereabouts.

Olives and grapes. Production is increasing and normally there should be a net export. Exports of olive oil in larger quantities are dependent upon improvements in methods of extracting the oil.

Melons and water melons. Palestine is a net exporter and production can be expanded to meet growing local demands, and partly for export.

Apples and pears. Palestine is a net importer. It will take many years (about a decade) until sufficient quantities are grown to obviate the need for imports. It is probable that there will always be a demand for the import of superior varieties.

Butter. The need for import would be obviated only if local costs can be reduced, or if production is highly protected, which would increase the price considerably.

Milk. Palestine produces all the fresh liquid milk it requires and will be able to do so in the future.

Cheese. The demand for imports of the superior qualities of foreign cheese of well-known brands will probably continue. The local milk supply is adequate to meet the demand for fresh cream and skim-milk cheese.

Poultry and eggs. There is every reason for believing that imports will diminish in the future as production expands, provided the local industry is sufficiently protected by tariffs.

Livestock : cattle, goats and sheep. Imports are likely to increase as the human population increases, as the livestock population cannot

expand considerably owing to the absence of sufficient grazing throughout all seasons of the year

To summarize all kinds of agricultural produce grown in Palestine can be increased partly to meet an increase in local demand as population rises and partly for export except that —

(1) Imports of wheat and flour and livestock will continue to increase for reasons already given

(2) Butter imports will also increase unless the industry is highly protected

(3) Imports of apples and pears will increase for some years to come until sufficient fruit trees are planted

(4) Citrus production and exports will continue to increase and will nearly double itself five years hence

Summary and Conclusions

The status of Palestinian agriculture and its prospects may now be summarized

1 Palestine is predominantly an agricultural country. Over 50 per cent of the population derive their livelihood from agriculture. Exports of agricultural produce represent about 75 per cent. of the total exports, and citrus accounts for about 95 per cent of the agricultural exports

2 The total land area of Palestine is 26,319,000 dunums, of which nearly nine million dunums are cultivable. The cultivable lands are confined to the coastal plain and the inland plains, of which the Esdraelon Plain is the largest and most important. On the latter, and along the Coastal Plain from Haifa to Jaffa are found most of the Jewish settlements. Of the uncultivable area nearly eleven million dunums are south of Beersheba, i.e. almost desert. The remaining six million dunums consist primarily of hill and forest areas. Increase in the cultivable area and greater productivity will depend mainly upon the availability of water for irrigation purposes, the investment of capital expenditure and the improvement of methods of agriculture. These latter conditions, as and when they obtain, will be able to convert some of what is now termed uncultivable land into cultivable land.

3 Irrigation from wells is and is likely to remain the chief source of irrigation in Palestine. Irrigation from rivers is limited and, except in the Hula basin, the prospects of further utilization of river water is doubtful, while irrigation from springs is more extensive and can be developed further by more economical use. The present area under irrigation is about 330,000 dunums.

4. The principal progress in agriculture since the War is seen in the development of citriculture, dairying, vegetable production, tobacco, and in the transition, wherever immediately possible, from extensive agriculture to intensive agriculture based on irrigation.

5. The value of all forms of agricultural production in 1937 may be estimated, at wholesale prices, at about £P. 7 million.

Complete and accurate surveys as to the size of holdings and net returns are not available. It is generally accepted, however, that where extensive cereal farming is practised, the average size of the holding is about 80 dunums, yielding a net income of about £P. 30 per annum. Under intensive farming methods with adequate irrigation, 10 dunums are believed to provide as much net income, if not more than 80 dunums of unirrigated cereals. In good years, citrus growers who have large areas can obtain good profits, provided their capital investments have not been high and they are comparatively free of debt. If not, high interest rates—8% and over, on capital borrowed for the development of the groves, can reduce profits to very small proportions.

6. Wheat and barley are the two principal crops, occupying about 5 million dunums, which is about 55 per cent. of the total cultivable area of Palestine. The citrus crop, however, occupies only 300,000 dunums which is 3 per cent. of the total cultivable area, but is twice as valuable as the wheat and barley crops together.

7. All crops are capable of improvement in quality, particularly barley, olives, tobacco, and citrus; and adequate measures are being taken by Government and other agencies to improve the quality by research, education and demonstration. Progressive and constructive measures are also being taken to increase the supply and improve the quality of vegetables, forage crops, poultry and eggs, and dairy produce.

8. The principal agricultural problem in Palestine is the marketing of its ever-increasing citrus crop. Exports reached 11,400,000 cases in 1937/38. They are expected to double that figure about 6 years hence. Centralized shipping and marketing should be the ultimate goal, coupled with the finding of new markets and expansion of existing markets.

9. Considerable progress has been made in cooperative marketing locally. Cooperative marketing in Palestine is almost wholly Jewish and much headway needs to be made in the organization of cooperative marketing among Arab farmers.

10. Local production is, on the whole, well protected by fiscal measures, but these are, to a large extent, nullified by the Palestine-Syria Customs Agreement of 1929, which permits the import of agricultural

produce from Syria into Palestine free of customs duty, to the detriment of local growers. This applies more especially to wheat, flour, and barley, olive oil, poultry and eggs and vegetables.

11 Olive oil requires to be improved radically, barley requires to be improved in quality for export as malting barley, and the tobacco industry requires financing and organization to improve its quality, principally through the provision of stores for curing, grading and baling and central marketing.

12 There are poor prospects for a considerable improvement in the livestock industry as increase in numbers and quality is largely dependent upon better feeding and the latter is deficient because of the short rainy season.

13 Milk production is important as it is the mainstay of mixed farming but the conversion of milk into butter in quantities sufficiently large to meet the local demand is not possible, unless butter making is highly protected. This would nearly double the cost of butter to the consumer unless more and cheaper supplies of water are found in the future to lower the costs of fodder production.

14 The principal future development in intensive agriculture is likely to be in the Hula area, when the Lake is drained and the area irrigated. The Beisan lands are also capable of more intensive cultivation when the irrigation facilities are better exploited. Springs can be more rationally utilized and it may be possible to find larger supplies of water in various parts of the country when well-boring is carried out on a larger scale. The finding of more water and its better utilization are the principal bases for the more intensive development of agriculture.

15 All forms of agriculture, horticulture, and animal husbandry are beset by troubles and difficulties in the control of pests and diseases. Energetic measures are being taken by Government and other agencies for their control. Such measures include quarantine, laboratory and research services and field and demonstration work. It is in regard to pest and disease control that the greater part of agricultural legislation is directed.

16 In relation to its size, Palestine is better equipped with agricultural schools and experiment and demonstration farms than any other territory. If the results of research, education and demonstration are not commensurate with the efforts, this is attributable to the low rate of literacy among Arab farmers, their conservatism, their lack of capital to adopt improved methods, and their heavy indebtedness.

17 In 1937, Palestine was self-sufficient in agricultural foodstuffs.

to the extent of about 65 per cent. Citrus exports will be doubled five to six years hence. Imports can be reduced by producing more barley, vegetables, poultry and eggs, and fruits, but it is doubtful whether livestock production can be increased. Palestine will probably continue to be increasingly dependent also upon wheat and flour imports as population increases.

CHAPTER V.
INDUSTRY
BY
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CHAPTER V

INDUSTRY ¹

I. The Position before the World War

Available information about the pre-War industrial conditions in Palestine is scanty. There are no comprehensive statistics regarding the number of industrial undertakings and wage-earners, the quantities of articles produced, the quantities of raw materials used, capital invested, etc. General information is given in a few publications, most notable among which are the work of Dr. A. Ruppin² and that of the Geographical Section of the British Naval Intelligence Division.³ A rough indication of the number, and a fair picture of the kind of pre-War undertakings, may be obtained from the Government census of industries of 1928⁴, which gives the number of the various industrial enterprises that were established before the War and were still operating at the time of the census (see Table I below).

Before the World War Palestine was mainly an agricultural country, and industry was of secondary importance. Most of the industries were of agricultural character; and all industrial production, with the exception of the manufacture of a few products, mainly soap and wine, was undertaken for local consumption and not for export. Manufacturing was carried on largely in the homes and workshops; and only a small proportion of enterprises used power-driven machines and hired labor. Most of the machinery in use was imported from Europe, although milling machinery, oil presses and irrigation plants were largely manufactured at home.⁵ Two factories producing such machinery existed in Jaffa and one in Haifa.

1. In this chapter the term "industry" is used to include the whole range of manufacture from factory to handicraft and home production.

2. A Ruppin, *Syrien als Wirtschaftsgebiet* (Berlin, 1917).

3. Great Britain, Geographical Section of the Naval Intelligence Division, Naval Staff, Admiralty: *A Handbook of Syria (including Palestine)*, (Oxford University Press, 1920).

4. Government of Palestine, *First Census of Industries, 1928*, (Jerusalem, Department of Customs, Excise and Trade, 1929). Henceforth this work will be referred to as *Government Census of Industries, 1928*.

5. *A Handbook of Syria (including Palestine)*, pp. 276 and 455.

A THE PRE WAR INDUSTRIES

Pre War industries included (1) flour milling, (2) olive oil pressing (3) soap making (4) manufacture of wine, (5) extraction of sesame and other oils (6) weaving and allied industries, (7) tanning and shoe making (8) stone cutting and brick and pipe making (9) pottery making (10) metal works (11) manufacture of articles of ornament and jewelry and (12) miscellaneous industries. Soap-making and wine manufacture were, however, the only industries undertaken on a large scale.⁸

1 Flour milling Flour mills were mainly of three kinds: mills run by hand, mills run by water power, and mills run by motor power.⁹ Hand mills existed in practically every village and were operated by members of the family for the family's own need. They produced 10-15 kilos of flour per day. Water mills were common where water power was available. Power mills prevailed in the towns. In 1912 there were ten such mills in Jaffa, five in Gaza, and several others in other centers.¹⁰ Practically all the flour was used for bread, although some was used in the manufacture of macaroni and paste. Macaroni factories existed in Jaffa and Jerusalem.

2 Olive oil pressing Olive oil pressing, which depended upon the cultivation of the olive tree, was one of the most important industries of Palestine. The annual production of olive oil in Palestine before the War is estimated at $5\frac{1}{2}$ million *oggas* (about 7000 tons).¹¹ Less than one half of the crop was consumed largely in the country as food, and the remainder was manufactured into soap for the local and for foreign markets. The quality of the edible oil was impaired by the method of knocking off the olives from the olive tree instead of picking them, and the quantity of oil obtained was often reduced by the defective methods of crushing and pressing. The oil was extracted mostly by means of wooden presses of primitive construction, which were turned by animals, chiefly horses. Modern machinery was, however, used in the principal centers of oil manufacture. Thirty hydraulic presses were in use around Haifa and Acre.¹² In Jaffa

⁸ Memoranda prepared by the Government of Palestine for the use of Palestine Royal Commission (London: HMSO, 1937) Mem. No. 35, p. 163. Henceforth this publication will be referred to as *Memoranda for Palestine Royal Commission*.

⁹ *A Handbook of Syria (including Palestine)*, p. 278.

¹⁰ *Ibid.* pp. 278, 492, 509.

¹¹ Reckoned on a two years average by Earnest Weakley, *Report upon the Conditions and Prospects of British Trade in Syria* (London, 1911), quoted in *A Handbook of Syria (including Palestine)*, p. 278.

¹² From Weakley *op. cit.* quoted in *A Handbook of Syria (including Palestine)*, p. 29.

and Ben Shemen (near Lydda) there were two small factories, owned by a Jewish Company ('Âthîd), for the extraction of oil from the residuum that is left after pressing olives (*jift*). These were closed in 1912.¹³

3. Soap-making. The principal center of soap-making was Nâblus and its neighborhood (with about 30 establishments), followed by the Jaffa district.¹⁴ Soap was also manufactured in Haifa and Gaza and to a lesser extent in Jerusalem and Bethlehem. The annual production of the soap works of Nâblus before the War was estimated at 500-1,000 tons, depending upon the olive crop; that of Haifa at 300 tons; and that of Jaffa and district at 2000-3000 tons.¹⁵ The soap of Nâblus and Jaffa prepared from pure olive oil, had a wide reputation in the Near East. A large proportion of the soap was exported to Egypt, Arabia, Iraq and Asia Minor. In 1913 the total soap exports amounted to about £200,000, *Egypt being the most important country of destination*.¹⁶ For several years before the War, the supplies of olive oil in the country had been insufficient for the requirements of the soap industry and had been supplemented by imports. In 1911 and 1912 the imports of olive oil through Jaffa amounted to 647 tons and 1,100 tons respectively. In addition coco-nut oil, cotton oil and maize oil were imported to be used in combination with olive oil for the lower grades of soap.

Most of the soap factories were small, having from one to five boilers or soap-pans, and employing traditional methods. More modern methods of production were introduced into Haifa by a Russian Jewish Company which was producing in 1911 on an average about 200 tons of soap per annum.¹⁷ In 1913 another modern factory operated in Haifa under American direction. In the villages many families manufactured the amount of soap needed at home.

4. Manufacture of wine. Wine production was and still is mainly in the hands of Jewish and German settlers. The Jewish colonies of Rishon le Tsiyon and Zikhron Ya'aqov, which obtained their capital and equipment originally (in 1885) from Baron Edmond de Rotshchild, were the most important centers, and their wine cellars were considered among the largest in the world. Most of the wine produced was exported. The wine industry passed a crisis at the beginning of the twentieth century

13. *Ibid.*, p. 280.

14. *Ibid.*, p. 279.

15. *Ibid.*, pp. 454 and 491.

16. C. Hayman, "Palestine's Industrial Variety", *Manchester Guardian Commercial*, Dec. 16, 1933, p. 34.

17. *A Handbook of Syria (including Palestine)*, p. 492.

which kept on through the War and for some years after. The difficulties before the War were attributed chiefly to higher prices paid for grapes, over production and lack of proper sale organization,¹⁸ the difficulties during the War were mainly due to the isolation of the Turkish Empire from the rest of the world and since the War, 'due to such various causes as the institution of prohibition in the United States, the elimination of Russia as a market and the diminution of consumption in France and Italy, resulting in surpluses of wine in those countries'¹⁹

5 Extraction of sesame and other oils and perfumes. Extraction of sesame and other oils depended upon raw materials produced locally. Sesame was and still is an important agricultural product of Palestine.²⁰ Before the War there were about forty small factories for extracting sesame oil in Lydda, Ramle, Jaffa and Jerusalem, and two large Jewish factories with hydraulic presses in Jaffa.²¹ There were also a few presses in Nablus.²² On an average the small factories had a capacity for treating 150-200 kilograms of oil a day, while one large factory treated 2000 kilograms a day and the other 3000 kilograms.

Other oils and perfumes included castor oil, geranium oil, rose water and orange blossom water, etc. These were manufactured on a small scale mostly in the homes.

6 Weaving and allied industries. Weaving and allied industries included weaving of clothes *abayas* (outer garments of Bedouins and others), carpets, rugs, mats, manufacture of *'iqals* (head dress), purses, tassels and plaiting of belts, dyeing, needlework, embroidery, and lace-making. Practically all of these industries were home or workshop industries operated by hand. The textile industry did not flourish in Palestine as it did in Syria. The most important textile centers were Majdal having about 500 looms and Gaza with 50 looms.²³ They carried on weaving of coarse cotton and woolen stuffs for articles of dress worn by the *jellahin*. Silk-weaving was a small industry at Gaza. Many of the textile laborers were skilled craftsmen who acquired their dexterity in their early youth. The cotton, woolen, and silk yarns for the manufacture of clothes were nearly all imported, cotton yarn was imported

¹⁸ *Ibid.* p. 231.

¹⁹ *Report on Palestine Administration July 1920 to December 1921* (London H.M.S.O. 1922) p. 41.

²⁰ See Chapter IV.

²¹ Information given in Ruppin, *Syrien als Wirtschaftsgebiet* (Berlin 1917) quoted in *A Handbook of Syria (including Palestine)* p. 282.

²² *Ibid.* p. 492.

²³ *A Handbook of Syria (including Palestine)* p. 455.

from Manchester.²⁴ The 'Abâya was the principal article made of wool. Carpets and rugs were manufactured in the homes, in a number of towns and villages, and carpets were also manufactured by the Bedouins. Straw mats were manufactured by women at Et Tîra and other small villages in or near the plains.²⁵ One hundred twenty four of these straw mat handicrafts were still operating in 1927 (see Table I). The manufacture of 'iqâls, purses, etc. was mainly a Bedouin occupation. Dyeing was carried on on a small scale in the textile centers. Needlework, embroidery, and lacemaking were common occupations of women at home in practically all towns and villages.

7. Tanning and shoemaking. Tanning was undertaken chiefly in the district of Gaza. The methods used were mostly primitive. Thirteen of these pre-War tanneries were still in operation in 1927 (see Table I). Shoemaking was a handicraft carried on in all towns and villages. It employed imported leather for the higher grade shoes, and home-made leather for the lower grade shoes and boots worn by the peasants and Bedouins.

8. Stone, brick and pipe industries. Quarrying and stone-cutting were carried on mostly in the Jerusalem district, chiefly around Bethlehem. The building trade in the country drew largely from this locality for materials and skilled masons. Lime for building was manufactured locally in places where limestone was accessible. European building materials and methods were used mostly in Jaffa and Jerusalem. Iron beams, timber and tiles were largely imported. In districts where stone was expensive, and especially in small villages in the plains, houses were built of sun-dried bricks. There were several tile, brick and pipe undertakings. Fairly satisfactory tiles and bricks were made at the German Syrian orphanage in a northern suburb of Jerusalem. Although inferior to similar imported articles, these locally made articles found a ready sale because they were cheaper.

9. Pottery making. Pottery making was one of the most important minor industries, and was widely distributed. The chief center of manufacture was Gaza where suitable clay containing iron was found. The pottery was of a rough character but durable. A good deal of Gaza pottery was exported to the Near Eastern countries. The shaping of jugs and jars was done by means of a potter's wheel, and then baked in a shallow kiln 8-10 ft. in diameter and about 4 ft. deep with the oven built beneath it. In some districts the industry was carried on by

24. *Ibid.*, pp. 285 and 455.

25. *Ibid.*, p. 510.

women Earthenware pots for domestic purposes were made in Dahiya. Of the pre War pottery enterprises, 43 were still in existence in 1927 (see Table I)

10 Metal industries Mention has already been made of three metal factories two in Jaffa and one in Haifa²⁶ These factories were equipped with drilling machines, forgeries, and metal foundries They manufactured milling machinery, irrigation pumps (not motor engines) and olive oil presses and undertook repair work The two factories in Jaffa produced from 80 to 90 per cent of the water lifting plant required in the Jaffa district²⁷ Other metal industries were handicrafts such as blacksmiths copper-smiths tin-smiths, gold and silversmiths, cutters, etc

11 Manufacture of articles of ornament and religious significance. Palestine has always been known for its manufacture of ornamental objects and sacred articles Woodwork inlaid with mother-of pearl, silver, etc and the making of ornamental objects from olive wood were undertaken by craftsmen in Jerusalem and to a lesser extent in Jaffa and Gaza.²⁸ Rosaries and crosses fragile vases and other ornaments made of black stone from the Dead Sea were manufactured by specialized craftsmen in Bethlehem Articles of glass such as trinkets rings armlets etc were made mostly in Hebron The articles under this heading have been extensively bought by tourists

12 Miscellaneous industries Of the miscellaneous industries printing deserves special mention as a modern industry The printing presses of Jerusalem were specially active Twenty three of these pre-War printing presses were still working in 1927 (see Table I) Other industries were carpentry tailoring saddlery and harness-making and the making of bread and cakes confectionery, ice and aerated soda water vehicles valises and trunks glassware, baskets fishing nets brooms sieves etc almost all of which with the exception of the manufacture of ice and perhaps some of the soda water were handicrafts Of the carpentry workshops tailoring workshops and saddleries that were established before the War 67 45 and 13 respectively were still operating in 1927 Packsaddles were made mostly in Bethlehem The glass industry was a specialty of Hebron where craftsmen manufactured in addition to ornamental objects dishes and jars for home use

Of the pre War industrial undertakings, 1236 were still in existence

26 See p 215

27 *A Handbook of Syria (including Palestine)* p 455

28 *Ibid*

in 1927 (see Table I). Of these, about 925 or 75 per cent were Arab and about 300 or 24 per cent were Jewish.²⁹

TABLE I
Industries Established before the War and Still Operating
in 1927³⁰

Industry	Number
Flour-mills	95
Olive oil presses	339
Soap factories	30
Wine factories	21
Sesame oil presses	25
Weaving (other than straw mats) workshops	42
Straw mats workshops	124
Tanneries	13
Shoe and bootmaking crafts	114
Brick, tile, and pipe factories	8
Potteries	43
Metal works (tools, smithies, etc.)	101
Jewelry workshops	20
Ornamental and articles of piety works	12
Printing presses	23
Carpentry workshops	67
Tailoring workshops	45
Saddleries and harnesses	13
Bakeries	35
Confectionery workshops	14
Ice and soda water	9
Miscellaneous	43
Total	1236

29. The participation of Arabs and Jews is deduced from the following figures : According to the Jewish census of industries of 1933, 288 Jewish enterprises were established before the War or about 24 per cent of the 1236 enterprises established before the War and still existing in 1927. The balance is non-Jewish participation, which is almost wholly Arab.

30. From *Government Census of Industries, 1928*, pp. 20-24. This table gives only a rough indication of the number of the various undertakings that existed before the War, because, obviously, it excludes the undertakings which closed between 1913 and the beginning of 1927. Moreover, home industries were excluded by the census. (*Government Census of Industries, 1928*, pp. 5-6). The following were considered industries for the purpose of the census : "all factories and workshops producing any article either by hand or power, with or without paid labour, ready for sale". Furthermore, since the census was not compulsory, a large number of smaller enterprises were unwilling to cooperate. (*Ibid.*, p. 3).

B PRE-WAR HINDRANCES TO INDUSTRIAL DEVELOPMENT

The foregoing account shows that Palestine's industry before the War was mostly of traditional character using old fashioned methods and primitive equipment. While it is true that Palestine is essentially an agricultural country and lacks certain important natural resources such as coal and iron, industry could have flourished to a much greater extent under more favorable conditions. Many of the above mentioned industries could have been developed along modern lines, new industries could have been established, such as spinning and weaving of finer wool, canning of fruits and fish, manufacturing of jams and marmalade, cigarettes, perfumes alcohol, cement, etc.

A number of factors, however, stood in the way of further development of Palestine's industries. In the first place, there was the inadequate administration of the Ottoman *Régime*—despotic, pervaded with theocracy and almost completely indifferent about national economy—which kept the mass of the people in a state of political slavery, fatalistic ignorant and unenterprising.³¹

Another hindrance was the lack of security, which made the enterprising element in the population conservative and skeptical about the investment of capital in industry as well as in agriculture.

Furthermore, the means of transportation and communication were inadequate. Pack animals and carts were the chief means of transportation of goods. The total length of railways in Palestine was in 1913 only about 200 kilometers. The cost of animal transport was so high that, in spite of the vastness of the Turkish Empire, the internal market for goods produced at home was necessarily small. Means of communication were limited to the post, telegraph and cable. The post and telegraph services were neither extensive nor efficient.

A very serious handicap was the Capitulations which prevented the Turkish Government from adopting a tariff policy favorable to the development of her industry. Customs duties on imported goods could be levied only for fiscal purposes and could not be changed without the consent of the privileged powers. Early concessions provided a uniform duty of 3 per cent on all foreign goods. It was only after considerable negotiations, at the cost of other concessions, that Turkey was able in 1862 to secure agreement to a duty of 8 per cent, and, in 1908, of 11 per cent *ad valorem* on all imported goods.

Still another hindrance was the lack of regular technical education.

³¹ Mehmed Osman *Hand crafts in Turkey* (Reprinted from the *International Labor Review* Vol XXXI No 2 Feb 1935) p 2

Laborers could acquire skill only by apprenticeship under older workmen, who themselves were not familiar with modern methods of production.

Other factors hindering the development of industry were the lack of investment credit, the high cost of production credit, the scarcity of mechanical engineers, the lack of development of agriculture and other factors of lesser importance.

As a result of the foregoing hindrances, a large proportion of the enterprising element of the population drifted to commercial undertakings or emigrated to foreign lands where they could find more favorable conditions for their industry.

II. Changes and Developments since the World War

Since the World War, industry in Palestine has undergone a rapid development. A large number of new modern enterprises, mostly of small size, have been set up, and many old undertakings have been enlarged and improved. The total number of industrial enterprises rose from roughly 1,500 in 1913 to about 6,000 in 1936. Of these 4,500 were handicrafts and 1,500 were industrial establishments (factories and workshops), the former being enterprises employing less than five persons, including the owners.³² The total capital rose from roughly £P. 1,000,000 to over £P. 10,000,000.³³ The value of output (including the value of raw materials and the cost of fuel) was estimated by the Government for 1935 at £P. 7,000,000³⁴, and by Dr. A. Michaelis at £P. 10,000,000.³⁵ The value added by manufacture for the same year was estimated by Dr. Michaelis at £P. 5,000,000. The value of output in 1935 constituted about half the value of total consumption of manufactured products. The value of exports of locally manufactured articles amounted in 1937 to about £P. 897,000.³⁶ The number of workers employed in industry in 1936 probably exceeded 40,000.³⁷

A great transformation has taken place in the structure of enterprises, methods of production, and character of production. Home industries producing articles for trade have almost disappeared. What

32. *Memoranda for Palestine Royal Commission*, Mem. No. 35, p. 168.

33. *Ibid.*

34. *Report to the League of Nations*, 1935, p. 22. Official estimates for more recent years are not available.

35. A. Michaelis, "Economic Palestine in 1935, Present Position and Future Prospects—Industry", *Palnews Economic Annual of Palestine* (Tel Aviv, 1935), p. 75. See p. 240 for explanation of the difference between the two estimates.

36. *Palestine Commercial Bulletin*, February 1938, p. 54.

37. *Memoranda for Palestine Royal Commission*, Mem. No. 35, p. 168.

remains of these industries is limited practically to needlework in all its forms.³⁸ The relative number of independent craftsmen has decreased and the relative number of artisans employed in workshops or factories has increased. Traditional methods of production are giving way to machine production. The factory system with modern plant and machinery and employed labor is gradually taking the place of workshops and old factories in the traditional industries, and has been introduced in a large variety of new industries. About five million pounds worth of industrial machinery was imported during the thirteen years 1925-1937.³⁹ Whereas before the War industries were practically agricultural in character since the War many industries have been established which are not agricultural, such as the manufacture of cement, mirrors, bedsteads, aluminium ware, artificial teeth, etc. The articles manufactured however are still practically confined to consumption goods and materials for further production, machinery being very largely imported. Before discussing post-War industrial progress in detail, it is important to note the conditions which favored this progress especially as this may throw some light on the extent to which this development may be regarded as natural and capable of further expansion.

A. PROMOTING FACTORS

Various factors have combined to foster the development of Palestine's industry since the War. These factors may be divided on the basis of their contributing forces into four classes: (1) factors resulting mainly from improved administration, (2) factors resulting mainly from progress in mechanical engineering, (3) factors resulting from the War, and the economic awakening and social changes since the War, (4) factors resulting from Jewish immigration. It should be noted however, that these contributing forces have been more or less interdependent.

(1) Factors resulting mainly from improved administration. The Mandatory administration has made several important contributions to the economic development of the country which helped industrialization directly or indirectly. Three of these have been of the greatest importance. In the first place great efforts were made in the development of transportation and communication.⁴⁰ These efforts were started during the occupation of Palestine by the British forces and continued since the War. The length of railway tracks in Palestine alone (excluding Trans

38. *Government Census of Industries 1928* p. 6

39. See Table IX. below

40. For a detailed discussion of this development see Chapter VI

Jordan and Sinai) increased from about 200 kilometers in 1913 to about 473 kilometers in 1936. The length of all-weather roads rose from roughly 300 kilometers (all of poor quality and suitable for light traffic only) in 1913 to about 1,750 kilometers (most of which are asphalted and of a high standard of construction) in 1936. Roads suitable for motor traffic only in dry season similarly increased, reaching about 1760 kilometers in 1935. A modern harbor having an area of 387 acres, of which 279 acres are water, was constructed in Haifa and the natural harbor of Jaffa was improved. Post offices have increased in number, and their services have been extended and greatly improved. Air transport for carrying passengers and mail between Palestine and other countries is now carried on by six air lines. The telegraph offices which have also increased considerably in number, now exchange telegraph messages between the principal localities in Palestine and also between Palestine and Egypt, Lebanon, Syria and Trans-Jordan. Radio-telegraph communication, which did not exist before the War, is now maintained with the rest of the world through Eastern, Marconi and Radio Orient service. The telephone service, which also did not exist before the War, has developed very rapidly. All towns and most of the villages of Palestine are now included in the network of the telephone system. Telephone connections exist also between Palestine and Egypt, Trans-Jordan, Iraq and Syria and Lebanon. Radio-telephone service *via* Egypt and England was inaugurated in 1933.

In the second place, taxes have been reduced on industry and also on agriculture on which industrial development so largely depends. The *Tamattu'* or business tax, established by the Ottoman law of November 30, 1330 (1914) was abolished.⁴¹ The *Werko* or land tax on factory sites was reduced from 9 to 6 per cent. Machinery and certain raw and semi-manufactured materials imported for use in production have been exempted from import duties.⁴² Imported commodities used in local production not exempted from duty benefit from a system of drawbacks whereby, in approved cases, a substantial portion of the import duty is refunded on exportation of the manufactured products in which the imported materials have been used. The rural *Werko* and Tithe taxes, which weighed very heavily on small cultivators and discouraged development in agricultural production, have been replaced by an equitable tax on net annual value.⁴³

41. In Syria the *Tamattu'* tax still exists.

42. See Chapter VIII.

43. See Chapter X.

In the third place, the Government has established a very effective agrarian policy which aims to enhance and improve agricultural and animal production and encourage the intensification of farming by the adoption of improved irrigation and cultivation practices, based upon the results of research experiment and demonstration⁴⁴. Security of title to land owners has been afforded by an efficient system of land survey, settlement and registration, and legislation has been enacted to protect agricultural tenants. Measures have also been taken to relieve the peasant from the oppression of usurers by the establishment, through the help of the Government of cooperative credit societies among the Arab. The result of these efforts of the Government was to greatly increase production⁴⁵ and the purchasing power of agriculturists to the benefit of industry.

Factors resulting from progress in mechanical engineering. A large portion of the development of industry may be ascribed to progress in mechanical engineering. Foremost among improvements in this field has been the perfecting of motor vehicles and industrial machinery. Prices of machinery have been reduced and freight rates have decreased considerably since the War. The number of public service cars, omnibuses and commercial vehicles rose from almost 106 in 1923 to 6,534 in 1936⁴⁶ while the value of imports of industrial machinery has increased from £P 198,516 in 1925 to £P 991,892 in 1935⁴⁷. The decrease in the cost of transportation by motor vehicles and the extension of good roads has helped to expand the market for industrial products both internally and externally. The hitherto more or less isolated and necessarily self-sufficient agriculturist of the mountain villages has become more dependent upon the city for the sale of his agricultural produce and the purchase in return of industrial goods. Cheap motor transport has also helped to increase trade with the neighboring countries, Trans-Jordan, Syria and Iraq. Though these countries were before the War a part of one empire, slow and costly transportation was a great hindrance to trade between them. Syria, which was until 1918 accessible only by animal transport or by coasting steamers, has been brought into very much closer relationship with Palestine. Damascus, the capital of the Syrian Republic and Beirut the capital of the Lebanese Republic, can be reached within two hours from the Palestinian frontier and within half a day from Jerusalem. Of even greater importance is the change which

44 See Chapter IV

45 See progress in production in Chapter IV

46 See Chapter VI Motor Transport.

47 See Table IX below

the automobile has brought about in trade connections between Palestine and Iraq. The caravan trail no longer winds up through to Damascus and thence eastward to Iraq, but the automobile travels straight across the desert. Instead of twenty days by camel, Baghdad can be reached in less than 24 hours by automobile, and with greater security and much less expense. In spite of this, however, trade has not developed appreciably between Palestine and Iraq. Between Palestine and Syria total trade has increased tremendously.⁴⁸

3. Factors resulting from the War, and the economic awakening and social changes since the War. The difficulties which the agricultural countries had experienced during the War from dependence upon industrial countries for manufactured goods created a desire for industrialization and economic nationalism in all the agricultural countries including those of the Near East. The desire was heightened by the fact that the industrial countries adopted protective policies themselves. In the independent agricultural countries the national government formulated and directed on its own initiative, policies for industrialization; and while in the mandated territories the mandatory power was reluctant to initiate a policy of economic nationalism—for fear that such a policy might prejudice the interests of its own home industries—it was compelled under the pressure of national, political and economic associations and owners of capital seeking investment to respond to a number of their demands for protection. The policy of protecting local industries in Palestine was introduced in 1927, capitulations having definitely been abolished in 1923 by the Treaty of Lausanne. Since 1927 amendments were made in favor of more protection. Protection of local industry has taken the form mainly of protective tariff on imported manufactured articles which compete with similar home produce, and duty exemptions on industrial machinery and raw materials for use in local industry, which have already been referred to. A large measure of the post-War industrial development may be ascribed to such protection. In 1936 the value of dutiable imports was 7,010,000 on which the total duty collected was £P. 2,012,000, or an average tariff wall of 28.7 per cent.⁴⁹

Among the social changes which have occurred since the War is the change in the taste of the people as regards dress, food, furniture, etc., pre-War conservatism among the natives has been diminishing rapidly in the urban centers and slowly in the rural districts. The

48. See Chapter VIII.

49. *Report to the League of Nations*, 1937, p. 233. In 1937, the average tariff wall on dutiable imports was 24.9 per cent. *Ibid.*

adoption of the western mode of living has shifted the demand from articles manufactured by traditional local industries to foreign manufactured articles. Old industries have suffered as a result, and a great incentive was created for the establishment of modern industries. Among the industries that were affected were the old textile industries, the soap factories, the old tanning factories and the shoemaking handicrafts.

4 Factors resulting from Jewish immigration. The chief contributing force in the rapid industrial growth in Palestine is the large Jewish immigration. The net recorded immigration (immigration minus emigration) from 1920 to 1936 inclusive was about 265,000 people.⁵⁰ This figure does not include the considerable number of illegal immigrants.⁵¹ Three important promoting factors have resulted from this immigration. In the first place the large volume of Jewish immigration has provided in itself an impetus to industrialization by creating a larger demand for manufactured goods. This is especially true when it is considered that a large proportion of these immigrants have a comparatively high standard of living (see Chapter I, Tables VIII and IX) and that most of them have come to settle permanently. The expenses of initial settlement have provided an additional impetus for industrialization. Investments in private commercial and industrial buildings amounted in the fourteen years from 1924 to 1937 to about £P 46,300,000 (see Table XIV) most of which is undoubtedly the investment of Jewish immigrants. Many industries have been created and maintained as a result of the great building activity, including the manufacture of cement, the manufacture of bricks and tiles, the quarrying and dressing of stone, metal works, woodworks, etc. The cement alone used in Palestine during the eleven years 1926-1936 amounted to about 1,550,000 tons, of which about 1,150,000 tons were manufactured in Palestine.⁵²

In the second place Jewish immigration has been accompanied by a large influx of capital. It is estimated that from £P 90,000,000 to £P 95,000,000 in funds originating outside of Palestine were invested or spent by Jews in Palestine since the armistice, of which £P 10,000,000 to £P 12,000,000 were used for public purposes by institutions and individuals and £P 80,000,000 to £P 85,000,000 were funds brought to the country for private purposes, including investments in and by private corporations.⁵³ The funds came from actual immigrants, prospective

⁵⁰ See Chapter I p. 24

⁵¹ See p. 3

⁵² See Table XV below

⁵³ *Palestine Economic Review* April-May 1936 p. 7. Grunwald estimates the amount of capital imported up to the end of 1933 at £P 50,000,000. Grunwald *The Industrialization of the Near East* p. 10. Hoofien estimates the imported

immigrants and thousands of non-immigrants.⁵⁴ Jewish capitalist immigrants (persons with £P. 1,000 and upwards) in the five years 1932-1936 numbered 18,380.⁵⁵ Of these funds £P. 8,654,000 were invested in Jewish industry and handicraft at the end of the financial year 1934-1935.⁵⁶ Demand and time deposits at all banks in Palestine amounted at the end of December, 1936, to £P. 14,195,915.⁵⁷

In the third place a considerable proportion of the Jewish immigrants has consisted of industrial entrepreneurs and skilled artisans, who usually established or were employed in the same industries in which they had engaged in the countries of their origin. This is especially true of German Jewish entrepreneurs and artisans who immigrated in recent years. No separate figures are available of immigrant entrepreneurs, but it is known that their number has been large. The number of skilled artisans among the Jews who immigrated during the five years 1932-1936 was 1,048.⁵⁸ To this must be added a very large number of unskilled industrial immigrants. The number of Jewish immigrants belonging to manufacturing occupations in 1934, for example, was 5,182 of a total Jewish immigration of 42,359, or about 12.25 per cent.⁵⁹ These were distributed as follows :

	Men	Women
Textiles	227	15
Chemical works	88	16
Leather work	66	3
Woodworks	948	—
Metal and mechanical works	1199	2
Printing	175	8
Food products	330	9
Clothing and millinery	453	456
Boot and shoemaking	182	2
Building	916	2
Other trades	83	2

capital till 1930 at £P. 44,000,000. S. Hoofein, "Immigration and Prosperity", *Palestine and Middle East Economic Magazine*, March 1930, p. 76.

54. *Palestine Economic Review*, April-May, 1936, p. 7.

55. See p. 23.

56. *Memoranda for Palestine Royal Commission*, Mem. No. 35, p. 177. Horowitz estimates Jewish capital investment in industry at the end of 1935 at £P. 8,150,000. David Horowitz, *Jewish Colonisation of Palestine* (Jerusalem, 1937), p. 33.

57. *Statistical Abstract of Palestine*, 1936, p. 101.

58. See Chapter I, p. 23.

59. *Report to the League of Nations*, 1934, p. 40.

B INDUSTRIAL DEVELOPMENT UP TO THE BEGINNING OF 1928

The first and the only census of all of Palestine's industries was taken by the Department of Customs, Excise and Trade in 1928. It was a voluntary survey of all manufacturing industries—"excluding purely agricultural industries such as dairies, etc"—and embracing "all factories and work-shops producing any article either by hand or power, with or without paid labor ready for sale".⁶⁰ Thus home industries and public utility services such as building, transport, etc were excluded. Since no previous (or succeeding) survey of all industries of Palestine was made it is not possible to make adequate comparisons. In Section E an attempt is made to show the progress in industrialization for all of Palestine by means of some indices.

1 Development as compared with pre-War situation. A rough comparison between pre War and post-War conditions may be obtained from the date of establishment of factories and workshops surveyed in 1927. Of a total of 3,505 establishments existing in 1927, 1,236 or 35.3 per cent were established before the War, and the balance represents post War development. This, of course, does not give a correct comparison between the number of pre-War and post War industrial undertakings because the figures for undertakings established before the War do not include the establishments which closed between 1913 and 1927 but even if this discrepancy was allowed for, the degree of progress would still be very great. Table II shows separately the number of producing factories and work-shops established both before and after the War by groups.

As can be seen from Table II there was a tremendous growth in the number of enterprises in all the different groups of industries, particularly quarries, metal works, jewelry, dress and toilet food, drink and tobacco, paper, stationery and printing, timber trades and brick, stone, clay, etc. Of the quarries existing in 1927, none of them was of pre-War origin although undoubtedly a number must have existed before the War. The electricity enterprises were all established since the War.

Of the 2,269 enterprises established since the War, 1,373 or 60½ per cent were Arab representing an investment of £P 613,000.⁶¹

2 General situation in 1927. The 3,505 establishments operating in 1927 had a capital of £P 3,514,886, employed 17,953 persons, and in

⁶⁰ Government Census of Industries 1928 p. 5

⁶¹ David Horowitz and Rita Hinden, *Economic Survey of Palestine with Special Reference to the Years 1936 and 1937* (Tel Aviv, 1938) p. 208

TABLE II

Date of Establishment of Factories and Workshops Existing in 1927
by Groups

Groups of industries	Total no. of establishments		Date of establishment ⁶¹				Ratio of undertakings established after the War to undertakings established before the War (in %)
			Pre-War		Post-War		
	No.	Per-cent	No.	Per-cent	No.	Per-cent	
I. Quarries	132	3.8	—	—	132	3.8	all since the War
II. Metal works	327	9.3	101	2.9	226	6.4	223
III. Jewelry	60	1.7	20	0.6	40	1.1	200
IV. Textiles	357	10.2	168	4.8	189	5.4	113
V. Dress and toilet articles	813	23.2	166	4.7	647	18.4	390
VI. Food, drink, and tobacco	473	13.5	178	5.1	295	8.4	166
VII. Chemicals	581	16.6	395	11.2	186	5.3	47
VIII. Paper, stationery and printing	103	2.9	27	0.8	76	2.2	281
IX. Leather and canvas	67	1.9	29	0.8	38	1.1	131
X. Timber trades	397	11.3	90	2.6	307	8.8	341
XI. Brick, stone, clay and similar trades	148	4.2	52	1.5	96	2.7	185
XII. Other manufacturing industries	37	1.1	10	0.3	27	0.8	270
XIII. Electricity	10	0.3	—	—	10	0.3	all since the War
Total for all Palestine	3505	100.0	1236	35.3	2269	64.7	184

1927 used raw materials to the value of £P. 2,358,909, fuel to the value of £P. 127,936 and had an output valued at £P. 3,886,149 (see Table III). The value added by manufacture (value of output minus value of raw materials and fuel) was 1,399,304 or only about 60 per cent of the value of raw materials and fuel used in industry. In Germany, a highly industrialized country, the ratio was estimated for 1928 at about 200 per cents⁶³ or about $3\frac{1}{3}$ times the ratio in Palestine, which indicates that the

62. Taken from *Government Census of Industries, 1928*, p. 8.

63. *Weekly Report of the German Institute for Business Research, Supplement*, February 9, 1938, p. 1.

TABLE III

Relative Importance
as to Number of Establishments, Number
and Value of Output, Raw Materials Used and Fuel

Groups of industries	Enterprises		Persons employed ^a			Capital ^b invested (owned & per enterprise £P.)		
	Num-ber	% of total	Num-ber	% of total	per enter-prise	Amount £P.	% of total	per enter-prise £P.
I Quarries	132	3.8	854	4.7	6.5	60,570	1.7	455.3
II Metal works	327	9.3	1,484	8.3	4.5	157,820	4.5	482.6
III Jewelry	60	1.7	136	0.8	2.2	9,828	0.3	163.8
IV Textiles	357	10.2	1,494	8.3	4.2	132,891	3.8	372.2
V Dress and toilet articles	813	23.2	2,464	13.7	3.0	85,340	2.4	104.7
VI Food, drink and tobacco	473	13.5	3,700	20.6	7.8	1,319,912	37.5	2,790.5
VII Chemicals and allied trades	581	16.6	3,536	19.7	6.1	638,313	18.2	1,202.1
VIII Paper, stationery and printing	103	2.9	992	5.5	9.6	146,960	4.2	1,426.8
IX Leather & canvas	67	1.9	236	1.3	3.5	34,477	1.0	514.6
X Timber trades	397	11.3	1,355	7.6	3.4	94,495	2.7	238.0
XI Brick, stone and clay trades	148	4.2	1,349	7.5	9.1	517,106	14.7	3,561.5
XII Miscellaneous	37	1.1	169	0.9	4.6	11,318	0.3	305.9
XIII Electricity	10	0.3	186	1.1	18.6	305,856	8.7	30,585.6
Total	3,505	100.0	17,955	100.0	5.1	3,514,886	100.0	1,002.8

a Includes owners and relatives, clerks, technical employees, wage earners and contract laborers

b Capital invested in kind, buildings, machinery and working capital.

of Industrial Groups

of Persons Employed, Amount of Capital

Consumed according to Government Census of 1928⁶⁶

Borrowed) per person employed £P.	Value of output in 1927				Raw ma- terials used in 1927 £P.	Fuel con- sumed in 1927 £P.	Horsepower used			
	Amount £P.	% of total	per enter- prise £P.	per per- son em- ployed £P.			Quan- tity	% of total	per en- terprise	per person em- ployed
70.9	30,628	0.8	232.0	35.9	1,824	641	136	1.1	1.03	0.16
106.3	174,027	4.5	532.2	117.3	44,419	2,532	296	2.3	0.91	0.20
72.3	19,476	0.5	324.6	143.2	10,312	43	1	—	0.02	0.01
88.9	112,922	2.9	316.3	75.6	60,130	516	109	0.8	0.31	0.06
34.6	246,852	6.4	303.6	100.2	108,944	—	9	0.1	0.01	0.00
356.7	2,036,272	52.4	4,241.6	550.3	1,511,753	32,628	5,341	42.0	11.29	1.44
180.5	649,523	16.7	1,117.9	183.7	464,002	7,521	683	5.4	1.17	0.19
148.1	113,777	2.9	1,104.6	114.7	35,163	122	156	1.2	1.51	0.16
146.1	47,615	1.2	410.7	201.7	27,338	109	51	0.4	0.76	0.22
69.7	149,370	3.8	376.6	110.2	56,320	368	369	2.9	0.93	0.27
383.3	209,994	5.4	1,418.9	155.6	31,171	75,509	2,423	19.0	16.36	1.80
66.9	19,444	0.5	525.5	115.0	7,533	197	13	0.1	0.35	0.09
1644.4	76,249	2.0	7,624.9	409.9	—	7,750	3,141	24.7	314.10	16.92
195.8	3,886,149	100.0	1,108.7	216.5	2,358,909	127,936	12,728	100.0	3.63	0.71

processing of raw materials in Palestine in 1927 was still far behind highly industrialized countries. This is explained mainly by the fact that the production value of industries of agricultural character involving simple transformation of raw materials such as flour milling, tobacco manufacture and olive oil pressing, continued to figure very highly in the value of total production in 1927. Of the raw materials used, 70 per cent were of local and 30 per cent of foreign origin.⁶⁴ Of the personnel 5,547 were owners, 408 were clerks, 373 technical employees, 10,186 wage earners and 1,441 contract laborers. About 10 per cent of the personnel were female and 61 per cent children under 16 years old.

It is not possible to define exactly Arab and Jewish participation in industry in 1927 since the Government census did not give separate figures for Arab and Jewish enterprises. On the basis, however, of the estimated Arab share in the 1,236 enterprises established before the War and still existing in 1927 and the Arab share in the number of enterprises established between the end of the War and the census of 1927, Arab participation in the total number of enterprises existing in 1927 should be about 65 per cent.⁶⁵

3. Relative importance of the different groups of industries in 1927. The relative importance of the different groups of industries in 1927 is shown in Table III. From the standpoint of number of undertaking, dress and toilet articles ranked first with 23.2 per cent of the total number of establishments, chemical and allied trades ranked second with 16.6 per cent, food, drink and tobacco ranked third with 13.5 per cent, timber trades ranked fourth with 11.3 per cent, textiles came fifth with 10.2 per cent and metal works came sixth with 9.3 per cent.

As regards the number of persons employed, food, drink and tobacco ranked first with 20.6 per cent of the total number of personnel, chemical and allied trades ranked second with 19.7 per cent, dress and toilet articles came third with 13.7 per cent, textiles came fourth with 8.3 per cent, metal works came fifth with 8.3 per cent, and timber trades came sixth with 7.7 per cent.

64 *Government Census of Industries 1928* p. 74.

65 It has been shown (p. 221) that of the 1,236 enterprises established before the War and still existing in 1927 about 925 were Arab. Since in the period between the end of the War and the census of 1928 1,373 Arab enterprises were established (see p. 230) the total Arab share in 1927 is about 2,293 enterprises or about 65 per cent (2293 — 3503). Dr. Michaelis estimates Jewish participation in 1928 as follows: in number of enterprises — less than half, in number of persons employed — nearly half and in value of production and capital invested — nearly 60 per cent. *Economic Palestine in 1935*, *Palmers Economic Annual of Palestine*, 1935 p. 50.

The foregoing five groups formed the principal industries, comprising 84 per cent of the total number of undertakings and employing over 78 per cent of the total number of persons employed.

From the standpoint of capital investment, food, drink and tobacco ranked first with 35.7 per cent of total investment; chemical and allied trades second with 18.2 per cent; brick, stone and clay trades third with 14.7 per cent; and electricity fourth with 8.7 per cent.

From the standpoint of value of output, food, drink and tobacco ranked by far the highest with 52.4 per cent of the total output in 1927, followed by chemicals and allied products with 16.7 per cent, dress and toilet articles with 6.4 per cent, brick, stone and clay trades with 5.4 per cent, and metal works with 4.5 per cent.

4. The most important individual industries. The number of individual industries comprising the foregoing 13 industrial groups was 98. The most important 35 industries and their position are given in Table IV. These 35 industries represented 85 per cent of the total number of enterprises, 90 per cent of the total number of persons employed and 95 per cent of the total capital investment; 94.6 per cent of the value of total output in 1927, 96 per cent of the value of total raw materials used and 98.2 per cent of the value of total fuel consumed.

Individual industries with over 100 enterprises were, in the order of rank, boots and shoes, olive oil presses, carpentry, tailoring and dressmaking, straw mats, milling, bakeries, stone, sand and gypsum, and weaving. Industries employing more than 500 people were olive oil presses, boots and shoes, carpentry, milling, tailoring and dressmaking, tobacco, printing presses, mechanical works, bakeries and stone, sand and gypsum. Industries with a capital investment over £P. 100,000 were tobacco, milling, intoxicating liquors, electricity, cement, soap manufacture, olive oil presses, bricks and tiles, printing presses and mechanical works.

In output the order was, for industries which produced more than the equivalent of £P. 100,000, milling, tobacco, soap manufacture, bakeries, olive oil pressing, cement, mechanical works, intoxicating liquors, carpentry, tailoring and dressmaking, and boots and shoes. The value of

TABLE IV

Position of the Most Important 35 Individual Industries as to Number of Establishments, Number of Personnel, Capital, Output, Raw Materials used and Fuel Consumed according to Government Census of 1928 67

Individual industries	No of enterprises	Number of enterprise as to date of establishment		No of persons employed	Capital (owned & borrowed) £P.	Value of output in 1927 £P.	Value of raw materials used in 1927 £P.	Value of fuel used in 1927 £P.
		Pre-War	Post War					
Salt, brine pits	2	—	2	310	54,500	18,200	1,386	569
Stone, sand and gypsum	130	—	130	544	6,070	12,428	438	72
Blacksmiths	95	25	70	404	17,562	27,687	8,237	526
Mechanical works	59	18	41	661	119,508	115,450	24,299	1,724
Iron furniture and wire fencing	7	—	7	67	4,620	13,328	4,508	5
Weavers	127	42	85	482	49,180	22,372	7,359	—
Hosery	7	1	6	222	48,775	43,239	26,240	—
Siraw mats	202	124	78	442	831	1,996	465	—
Knitting works	7	—	7	151	20,900	31,990	19,966	180
Tailoring & dressmaking	249	45	204	831	29,225	106,506	52,761	—
Boots and shoes	508	114	394	1,212	32,095	100,493	41,105	—
Hats and caps	22	2	20	111	11,635	18,300	8,028	—
Embroidery	16	1	15	220	6,125	8,825	2,512	—
Milling	200	95	105	976	346,693	1,017,115	868,928	12,196
Bakeries	130	35	95	557	95,665	258,531	192,650	12,214
Matzoth	3	1	2	187	44,300	31,000	18,375	720
Confectionery	35	14	21	348	49,755	79,816	52,890	1,882
Ice trade	19	2	17	99	66,850	17,193	2,581	1,608
Aerated & soda water	23	7	16	137	32,940	19,524	7,766	132
Intoxicating liquors	28	21	7	496	319,309	113,971	43,353	2,966
Tobacco, tomбак and cigarettes	15	—	15	781	352,250	472,917	311,700	130
Olive oil presses	477	339	138	2,807	249,903	210,536	129,800	1,828
Sesam- oil presses	45	25	20	257	36,160	52,222	38,730	1,561
Soap manufacture	42	30	12	323	276,270	350,393	278,284	3,448
Matches	2	—	2	95	25,000	22,377	10,264	100
Printing presses	72	23	49	667	126,325	87,647	26,971	63
Carboard boxes and paper bags	7	—	7	248	9,200	17,020	4,652	12

(Table IV continued).

Individual industries	No. of enterprises	Number of enterprise as to date of establishment		No. of persons employed	Capital (owned & borrowed) £P.	Value of output in 1927 £P.	Value of raw materials used in 1927 £P.	Value of fuel used in 1927 £P.
		Pre-War	Post-War					
Upper and sole leather	4	—	4	26	17,900	20,610	12,913	94
Carpentry (furniture and building)	300	67	233	1,043	67,170	111,826	41,711	324
Cement	1	—	1	330	300,000	120,860	960	73,624
Bricks and tiles	19	2	17	323	161,450	28,850	9,417	856
Pavements and pipes	27	6	21	166	24,226	22,034	9,718	—
Stone crushers	13	—	13	207	23,730	19,530	4,864	649
Pottery & ceramics	77	43	34	259	3,540	7,250	992	380
Electricity	10	—	10	186	305,856	76,249	—	7,750
Total	2,980	1082	1898	16,175	3,335,518	3,678,285	2,264,823	125,613
Proportion of all industries	80%			90%	95%	94.6 %	96%	98.2%

the output of the milling industry alone was over one half of the value of the output of the remaining ten industries.

5. Methods of manufacture. Of the 3,505 enterprises existing in 1927, 2,429 or 69.3 per cent were operated by hand, 493 or 14.1 per cent used animal power, and 583 or 16.6 per cent used motor power.⁶⁸ The average horsepower used per industry and per person employed was 3.63 H.P. and 0.71 H.P. respectively,⁶⁹ showing a very low degree of mechanization.

68. *Government Census of Industries, 1928*, p. 11. The 493 undertakings using animal power were all olive and sesame oil presses. The 583 enterprises using motor power employed 815 prime movers (engines established at factory), of which 404 or 49.6 per cent were electric motors, 315 or 38.6 per cent were internal combustion, 56 or 6.9 per cent hydraulic power (mainly used in flour-mills) and 40 or 4.9 per cent steam engines. These engines generated on an average 12,728 H.P., representing 80.2 per cent of their capacity. Of the 12,728 H.P., 3,141 H.P. were generated by electricity enterprises leaving 9,687 H.P. generated in other undertakings. The total number of kilowatts generated for sale to industrial enterprises in 1927 was about 1,418,000. Of all enterprises using motor power, 305 or 52.3 per cent came under food, drink and tobacco group; 61 or 10.5 per cent, under metal works; 58 or 9.9 per cent, under timber trades; 42 or 7.2 per cent under printing, stationery and paper group; 31 or 5.3 per cent under brick, stone, clay, etc.; and 40 or 6.9 per cent under all other groups.

69. See Table III. The table gives also the average horsepower used per enterprise and person employed in each of the different industrial groups.

The total number of machines used in the process of manufacture by all industries was 5,752. Of these 2,982 machines or 51.8 per cent were driven by hand and 2,770 or 48.2 per cent were driven by motor power.

6 Character of organization of enterprises. The distribution of the 3,505 enterprises as to character of organization was in 1927 as follows:

Individuals	2,571 enterprises, or	73.3 per cent
Partnerships	831	23.7
Cooperatives	30	0.9
Companies	39	1.1
Philanthropic institutions	34	1.0
	<u>3,505</u>	<u>100.0</u>

Most of the partnerships, companies and cooperatives were of post-war establishment.

7 Size of enterprises. The size of enterprises may be inferred from the number of laborers employed and the capital invested (see Table V). Of the 3,505 enterprises 1,100 or 31.4 per cent employed no wage earners (although in the majority of these enterprises from one to three part-time owners and members of their families, were permanently employed). 2,405 or 68.6 per cent each employed one to five wage earners (including contract laborers) and only 317 or 9 per cent employed six or more. The number of workers employed by these 317 factories was 6,745 or 58 per cent of total workers employed. From the standpoint of capital invested, 3,224 or 91.9 per cent worked each with a capital of £P 1,000 and less and only 281 or 8 per cent worked each with a capital exceeding £P 1,000. The total capital invested by the 281 factories amounted to £P 3,102,948 or 88.4 per cent of the total capital investment of all enterprises. Of these factories, 257 or 73 per cent of total number of enterprises may be considered middle-size enterprises each working with a capital of from £P 1,001 to £P 20,000 and 24 or 0.7 per cent may be termed large scale enterprises, having each an invested capital of over £P 20,000. The largest factories were situated at Haifa, Tel Aviv and Jaffa.

80 Ibid. p. 9.

71 The small enterprises (employing 5 workers and less having a capital not exceeding £P 1,000) predominated in all groups of industry except electricity, the middle-size enterprises (employing from 6 to 50 workers and working with a capital of from 1,001 to £P 20,000) were found principally in the food, drink and tobacco, chemicals and allied trades, and paper, printing and stationery groups, the large size industries were found chiefly in the food, drink and tobacco and paper, chemicals and allied trade groups.

TABLE V

Size of Enterprises According to Number of Wage Earners (including contract laborers) and Capital Invested in 1928 ⁷²

According to number of wage earners					According to amount of capital invested				
Class interval of wage earners	Distribution of enterprises		Distribution of wage earners		Class interval of capital invested £P.	Distribution of enterprises		Distribution of capital invested	
	Number	Per cent	Number	Per cent		Number	Per cent	Amount	Per cent
No wage earners	1100	31.4	—	—	100 and less	2,324	66.2	75,433	2.1
1	703	20.1	703	6.1	101— 200	373	10.6	61,216	1.7
2— 3	920	26.2	2,178	18.7	201— 300	148	4.2	41,731	1.2
4— 5	465	13.3	2,001	17.2	301— 400	72	2.1	27,916	0.8
6— 10	182	5.2	1,308	11.3	401— 500	121	3.5	59,850	1.7
11— 20	62	1.8	922	7.9	501— 1,000	186	5.3	145,792	4.1
21— 30	27	0.8	689	5.9	1,001— 5,000	192	5.5	459,856	13.1
31— 40	15	0.4	538	4.6	5,000—10,000	41	1.2	329,497	9.4
41— 50	4	0.1	186	1.6	10,001—20,000	24	0.7	347,339	9.9
51—100	15	0.4	1,058	9.1	20,001—50,000	15	0.4	476,500	13.6
Over 100	12	0.3	2,044	17.6	Over 50,000	9	0.3	1,489,756	42.4
	3505	100.0	11,627	100.0		3,505	100.0	3,514,886	100.0

The average size of enterprises in the different industrial groups, from the standpoint of number of laborers employed and capital invested, is shown in Table III.

C. INDUSTRIAL PROGRESS FROM 1928 TO 1935.

From 1928 to 1935 industrialization continued progressively but the greatest expansion took place during the years 1934 and 1935, chiefly as a result of the great increase in building activity caused by the very large Jewish immigration in 1934 and 1935 (104,213 people), the large immigration of entrepreneurs and skilled laborers from Germany and the gradual reduction in electric power rates. No adequate analysis can be made, however, of the position of all of Palestine's industries during this period, because, as has already been stated, the Government census of 1928 is the only inclusive census that has yet been taken. Adequate

72. Compiled from *Government Census of Industries, 1928*.

information is available however, of Jewish industries, of which two censuses were taken by the Jewish Agency, during the above period one in 1930 (describing the position in 1929) and the other in 1934 (describing the position in 1933) but knowledge of progress in Arab industry is very scanty. Consequently the discussion will necessarily be limited almost wholly to the progress of Jewish industry.

Comparison between the situation of Jewish industry in 1927 and in 1929 and 1933 is not possible. The Government census of 1928 did not give separate figures for Jewish and Arab industrial undertakings and apart from that the Jewish Agency Census included many non manufacturing undertakings and many more small enterprises than did the Government census. The figures of the Jewish census for number of enterprises, number of employees and value of production are far higher than those of the Government census. This may be shown by the figures of the Government census of 1928 and the Jewish Agency census of 1930 (close censuses) for the industries of Tel Aviv, which represented purely Jewish enterprises in both censuses.³ The number of enterprises in the Jewish Agency census of 1930 was a little over $3\frac{1}{2}$ times the corresponding figures in the Government Census of 1928, the number of employees about 144 times the value of production about twice and the capital invested only 1.1 times the Government figures. This explains partially the difference between the estimates of production by the Government and that by the Jewish sources.⁴ The general condition of Jewish industry and handicrafts in 1929 and 1933 is given in Table VII. More detailed discussion is confined here to the situation in 1933.

The status of Jewish industries (factories and workshops employing 5 persons or over) and handicrafts (undertakings employing less than 5 persons) in 1933 is shown in Table VI. The 3,388 enterprises operating in 1933 had a capital of £P 5,371,136 employed 19,595 persons and in 1933 used raw materials to the value of £P 2,289,519 fuel and power to the value of £P 1,561,066 and had an output of £P 5,352,497. The value added by manufacture (value of output minus value of raw materials and fuel and power) was £P 1,906,877 or about 119 per cent of the value of raw materials and fuel used in industry. The 'processing factor' was double what it was in 1928 for Jewish and non Jewish industries together, but still far behind the 'processing factor' in the highly in-

³ Such as custom tailors, shops, mill, cry shops, repair shops, garages, etc.

⁴ A. Michael: "Economic Palestine in 1935" *Palestine Economic Annual* of *Facture* p. 49.

⁵ See p. 223.

dustrialized countries.⁷⁶ The value of gross production was about the same as the amount of capital invested. Two explanations have been given for this slow activity of capital invested: one that many factories had either been newly established, or had expanded;⁷⁷ and the other that about half of the capital was invested in plots, buildings and machinery and that industrial credit was lacking.⁷⁸ This slow activity of invested funds, with the relatively low "processing factor", indicate that the profits of Jewish industry as a whole must have been small in 1933.

Of the total Jewish capital invested, £P. 5,096,791 represented investments in industry (factories and workshops) and £P. 274,345 represented investments in handicrafts. The average capital invested per enterprise in industry was by the end of 1933 £P. 5,254 as against £P. 113 per enterprise in handicrafts. The average output per enterprise was £P. 4,774 and £P. 299 and the average number of persons employed was about 15 and 2, respectively. The average horsepower per undertaking and per person employed was for all industries and handicrafts 14.9 H.P. and 2.6 H.P. respectively and for industry alone 51.4 H.P. and 3.5 H.P. respectively. This was a great advance over the degree of mechanization in 1928 for Jewish and non-Jewish industries together, although still very low in comparison with the degree of mechanization in industrial countries.

The most important groups of industries from the standpoint of production, and personnel were food and stone and cement. From the standpoint of capital invested, the leading position was occupied by electricity, while the second place was occupied by food, chemicals and stone and cement which had about the same amount of capital.

The distribution of the enterprises from the standpoint of character of organization was for all industry and handicrafts as follows:—2613 individual enterprises, 602 partnerships, 83 cooperatives, 63 companies, and 27 unspecified.⁷⁹ The capital distribution for the specified categories was about £P. 980,900, £P. 880,000, £P. 300,000, and £P. 3,190,000 respectively.

The status of Jewish industries and handicrafts in 1934 and 1935 is estimated in Table VII, which gives also the position in 1933, 1929 and 1921/22 for comparison. The number of enterprises is estimated to have increased from 3,388 in 1933 to 4,615 (1345 industrial establishments and

76. See p. 531.

77. N. J. Thischby in *Directory of Jewish Industry and Handicrafts in Palestine*, p. 20.

78. Eliahu Wegrin, "Jewish Industry in Palestine", *Palnews Economic Annual of Palestine*, 1936, p. 115.

79. From *Directory of Jewish Industry and Handicrafts in Palestine*, 1934, Table 5, p. 35.

Census of Jewish Industry
Summary

Group	Enterprises		Persons employed		Number per enterprise	Capital invested (owned & borrowed)			
	Number	% of total	Number	% of total		Amount £P	% of total	Amount per enterprise £P	Amount per capita £P
Total	3,388	100.0	19,595	100.0	5.8	5,371,136	100.0	1,585.3	7.41
I Food	300	8.8	2,634	13.4	8.8	887,303	16.5	2,957.6	3.63
II Textiles	76	2.2	1,182	6.0	15.5	232,411	4.3	3,058.0	1.95
III Clothing	711	21.0	2,282	11.6	3.2	120,041	2.2	168.8	5.21
IV Metal works ^a	631	18.6	2,934	15.0	4.6	344,080	6.4	545.2	1.72
V Timber products	447	13.2	2,462	12.6	5.5	204,870	3.8	458.2	1.71
VI Leather	450	13.3	1,311	6.7	2.9	97,196	1.8	216.0	1.49
VII Printing and paper	239	7.1	1,466	7.5	6.1	218,343	4.1	913.5	7.33
VIII Chemicals	51	1.5	1,122	5.7	22.0	842,420	15.7	16,518.0	1.1
IX Stone and cement	156	4.6	2,703	13.8	17.3	817,094	15.4	5,237.7	2.79
X Electricity	40	1.2	545	2.9	13.6	1,525,511	28.4	38,139.4	5.2
XI Miscellaneous	287	8.5	954	4.8	3.3	81,851	1.6	282.1	0.5
Industry	970 ^b	100.0	14,419	100.0	14.9	5,096,791	100.0	5,254.4	3.4
I Food	198	20.4	2,412	16.7	12.2	854,175	16.8	4,314.0	3.51
II Textiles	53	5.5	1,121	7.8	21.1	226,308	4.4	4,269.9	2.4
III Clothing	86	8.9	862	6.0	10.0	71,892	1.4	835.9	1.19
IV Metal works	147	15.2	1,994	13.8	13.6	290,966	5.7	1,979.3	1.4
V Timber products	172	17.7	1,823	12.6	10.6	171,699	3.4	998.2	1.73
VI Leather	47	4.8	613	4.3	13.0	77,573	1.5	1,650.4	1.6
VII Printing and paper	70	7.2	1,039	7.6	10.5	180,462	3.5	2,578.0	7.4
VIII Chemicals	36	3.7	1,081	7.5	30.0	856,935	16.8	23,881.9	3.13
IX Stone and cement	107	11.0	2,535	17.6	23.7	806,121	15.8	7,533.8	3.0
X Electricity	21	2.2	502	3.5	23.9	1,521,670	29.9	72,406.4	12.1
XI Miscellaneous	35	3.4	387	2.6	11.7	58,950	1.2	1,787.5	0.4
Hand crafts	2,418	100.0	5,176	100.0	2.1	274,345	100.0	113.4	5.21
I Food	102	4.2	222	4.3	2.2	33,120	12.1	324.7	1.4
II Textiles	23	1.0	61	1.2	2.6	6,103	2.2	265.3	1.0
III Clothing	625	25.8	1,420	27.4	2.3	48,149	17.6	77.0	5.1
IV Metal works	484	20.0	940	18.2	1.9	53,114	19.4	109.7	2.3
V Timber products	275	11.4	639	12.3	2.3	33,121	12.1	120.4	1.3
VI Leather	403	16.7	698	13.5	1.7	19,623	7.1	48.6	1.3
VII Printing and paper	169	7.0	377	7.3	2.2	37,821	13.8	224.1	1.3
VIII Chemicals	15	0.6	41	0.8	2.7	5,485	2.0	365.6	1.3
IX Stone and cement	49	2.0	168	3.2	3.4	10,973	4.0	223.9	1.3
X Electricity	19	0.8	43	0.8	2.3	3,907	1.4	205.6	1.3
XI Miscellaneous	254	10.5	567	11.0	2.2	22,861	8.3	90.0	1.3

a. Include manufacture of machinery

b. 230 factories (each employing more than 10 workers) possessing over £5,000, usually between £500 and £1,000 and £1,000 and £5,000.

80 From data of Jewish Agency for Palestine cited in *Directory of Jewish Industry*

VI

and Handicrafts, 1933⁸⁰
General Groups

Production				Value of raw mate- rials, fuel and power used	Value added by manufacture		Horse- power used
Amount £P.	% of total	Amount per en- terprise £P.	Amount per person employed £P.		Amount £P.	Ratio to cost of material and fuel and power used %	
352,497	100.0	1,579.8	273.2	2,445,625	2,906,872	118.8	50,534.75
046,497	19.5	3,488.3	397.3	641,591	404,906	63.1	4,036.25
258,680	4.8	3,403.6	218.8	120,491	138,189	111.3	516.50
375,286	7.0	527.8	164.4	151,261	224,025	148.1	48.50
672,125	12.6	1,065.1	229.0	292,178	379,947	130.0	1,287.00
536,052	10.0	1,199.2	217.7	210,161	325,891	155.0	2,413.50
261,018	4.9	580.0	199.0	114,681	146,337	127.6	218.75
246,072	4.6	1,029.5	167.8	84,763	161,309	190.3	484.25
471,222	8.8	9,239.6	419.9	221,704	249,518	112.5	2,128.00
085,196	20.3	6,956.3	401.4	487,422	597,776	122.6	6,357.00
257,412	4.8	6,435.3	472.3	83,613	173,799	207.8	32,902.00
142,935	2.7	498.0	149.8	37,760	105,175	278.5	143.00
630,426	100.0	4,773.6	321.1	2,200,608	2,429,818	110.4	49,821.75
004,954	21.7	5,075.5	416.6	618,567	386,387	62.4	3,756.75
247,890	5.4	4,627.1	221.1	115,161	132,729	115.2	501.25
210,087	4.5	2,442.8	243.7	99,552	110,535	110.0	42.25
528,342	11.4	3,594.1	264.9	241,273	287,069	118.9	1,145.50
425,897	9.2	2,476.1	233.6	170,958	254,939	149.1	2,271.75
174,942	3.8	3,722.1	285.3	83,671	91,271	109.0	209.00
193,766	4.2	2,768.0	177.9	71,311	122,455	171.7	454.00
463,688	10.0	12,880.2	428.9	217,672	246,016	113.0	2,128.00
053,084	22.7	9,841.9	415.4	473,858	579,226	122.2	6,318.00
248,816	5.4	11,848.3	495.6	80,324	168,492	209.7	32,891.00
78,960	1.7	2,392.7	204.0	28,261	50,699	179.3	104.25
722,071	100.0	298.6	139.5	245,017	477,054	194.7	713.00
41,543	5.8	407.2	187.1	23,024	18,519	80.4	279.50
10,790	1.5	469.1	176.8	5,330	5,460	102.4	15.25
165,199	22.9	264.3	116.3	51,709	113,490	219.4	6.25
143,783	19.9	279.0	152.9	50,905	92,878	182.4	141.50
110,155	15.3	400.5	172.3	39,203	70,952	180.9	141.75
86,076	11.9	213.5	123.3	31,010	55,066	177.5	9.75
52,306	7.2	309.5	138.7	13,452	38,854	288.8	30.25
7,534	1.0	502.2	183.7	4,032	3,502	86.8	
32,114	4.4	655.3	191.1	13,564	18,550	136.4	39.00
8,596	1.2	452.4	199.9	3,289	5,307	161.3	11.00
63,975	8.9	251.8	112.8	9,499	54,476	573.4	38.75

and producing goods solely for the market) and 740 workshops (each employing
ing goods for the market and catering for the individual customer as well).

3270 handicrafts)⁸¹ in 1935, the number of personnel from 19,595 to 32,830, the amount of capital invested from £P. 5,371,000 to £P. 8,654,000 (of which £P. 8265,000 was estimated to have been invested in industry alone)⁸² and the value of production from £P. 5,352,000 to £P. 8,593,000

TABLE VII
Development of Jewish Industries and Handicrafts, 1921-1936⁸³
(For relatives, the figures of 1921/22 are made the base)

	1921/22	1929	1933	1934 ^a	1935 ^a	1936
Enterprises						
Number	1,850	2,475	3,388	4,165	4,615	5
Relative	100	134	183	225	249	
Persons employed						
Number	4,750	10,968	19,595	28,890	32,830	5
Relative	100	231	412	608	691	
Number per enterprise	2.6	4.4	5.7	6.9	7.1	
Capital invested						
Amount	600,000	2,234,000	5,371,000	6,937,000	8,654,000	11,650
Relative	100	372	895	1,156	1,442	1.9
Amount per enterprise	324.3	902.6	1,585.3	1,665.5	1,871.1	2.1
Amount per person employed	126.3	203.6	274.1	240.1	263.7	2.1
Production						
Amount £P	500,000	2,510,000	5,352,000	7,104,000	8,593,000	9,100
Relative	100	502	1,070	1,421	1,719	1.8
Amount per enterprise £P	270.2	1,014.1	1,579.6	1,705.6	1,861.9	2.1
Amount per person employed £P	105.2	228.8	273.1	245.8	261.7	2.1
Raw materials and fuel used £P	—	1,058,848 ^b	2,445,625 ^c	—	—	411 ^b
Value added by manufacture	—	1,451,152	2,906,375	—	—	44 ^b
Amount £P.	—	—	—	—	—	—
Ratio to cost of raw material and fuel used %	—	137	119	—	—	—

a Estimated

b From *Report and General Abstracts of the Censuses of Jewish Agriculture, Industry and Handicrafts, and Labour*, taken by the Department of Statistics of the Jewish Agency in 1930 (Jerusalem, 1931), Table 29, p. 25

c From *Directory of Industry and Handicrafts in Palestine*, taken by the Trade and Industry Department of the Jewish Agency for Palestine (Tel Aviv, 1934) Table 1 p. 29

81 *Statistical Abstract of Palestine*, 1936, Table 131, p. 97

82 *Ibid.*, Table 132

83 Data for years other than 1936 (excepting for raw materials and fuel and power used) taken from *Statistical Abstract of Palestine*, 1936, p. 96, data for 1926 cited in *Bulletin of the Economic Research Institute of the Jewish Agency for Palestine*, March/April, 1938, p. 55.

The average number of persons employed per enterprise (industry and handicrafts together) would have risen accordingly from 5.7 to 7.1, the average amount of capital from £P. 1,585 to £P. 1,871, and the average amount of production from £P. 1,580 to £P. 1,862.

No statistics are available of the progress in Arab industry between 1928 and 1935 (inclusive). Memorandum No. 35 prepared for the Royal Commission in 1936 states that "Arab industry is also diversified (i.e. as Jewish industry) and consists of some large undertakings and numerous small ones which, in the aggregate, form an appreciable contribution to the industry of Palestine."⁸⁴ The larger Arab industries included soap manufacturing; flour-milling, bricks and tiles; cigarettes and tobacco; cotton, wool, and silk-weaving; salt quarrying; sand, stone and lime; bedsteads; nails; wearing apparel; confectionery and intoxicating liquors.⁸⁵ The smaller industries included in addition to those which existed in 1927,⁸⁶ manufacture of tin, zinc, and copperware, blasting powder, and furniture. Horowitz and Hinden state that "from 1931 to 1937 . . . 529 Arab enterprises (companies, cooperatives and partnerships) were registered".⁸⁷ Among these were a number of large factories—a metal factory, a match factory and a rice mill.⁸⁸

D. GREAT FALL IN THE RATE OF NEW EXPANSION, AND RECESSION IN ALREADY ESTABLISHED INDUSTRIES IN 1936 AND 1937.

Since the beginning of 1936 there has been a great slowing-down in new industrial development, and a very appreciable decline in most of the already existing industries. New industrial expansion slowed down to about one half as compared with 1935,⁸⁹ mainly as a result of the fall in the influx of capital and the volume of immigration. This in turn was due to the all round decline in economic activity caused chiefly by the political disturbances and the saturation reached in some branches of industry. New capital investment in Jewish industry fell from £P. 1,800,000 in 1935 to £P. 1,200,000 in 1936 to £P. 1,000,000 in 1937.⁹⁰ The value of industrial machinery imported for all industry (Arab and Jewish) fell from £P. 991,892 in 1935 to £P. 555,348 in 1936, to £P. 448,707 in 1937.⁹¹

84. *Memoranda for Palestine Royal Commission*, p. 168.

85. *Ibid.*

86. See Section I, Table I.

87. Horowitz and Hinden, *op. cit.*, p. 208.

88. *Ibid.*, p. 81.

89. *Ibid.*, p. 84.

90. *Ibid.*, p. 82.

91. See Table IX below.

Most of the already-existing industries suffered considerably either from failure or from reduced output and profits. The chief causes were the political disturbances and their repercussions on the general economic activity—the great depression in building movement, on which one third of Palestine's industry depends, the almost complete cessation of new citrus plantations to which about 10 per cent of the industry caters and the structural difficulties under which a number of industrial undertakings had been working. Political disturbances have entailed a decrease in the import of capital and consequently in purchasing power, a reduction in the desire to purchase and a boycotting of Jewish industries by the Arabs.⁹²

Probably the greatest single factor that affected industry in 1936 and 1937 was the severe contraction in building activity. The monthly average of the floor area of new buildings authorized to be constructed in the four chief towns (Jerusalem, Jaffa, Tel Aviv, and Haifa) dropped from 101,197 square meters in 1935 to 61,507 square meters in 1936 to 48,115 square meters in 1937.⁹³ This had both a direct and an indirect effect. The direct effect was to diminish to about 50 per cent the demand for the produce of the industries which cater to building. The indirect effect was to lessen the purchasing power of the building workers as a great many of them were left unemployed or employed only part time and consequently, to reduce the demand for the products of industry in general.

The fall in the prices of citrus products in recent years and the expectation of increase in production from year to year without increase in plantations⁹⁴ have made agriculturists skeptical about the prospects of citriculture and new planting almost ceased. In consequence, the part of industry engaged in the manufacture of equipment for citrus groves has suffered.

Many enterprises have also suffered from structural difficulties.⁹⁵ Some industries have been undercapitalized, while others have been overcapitalized.⁹⁶ The first difficulty led to failures, capital reconstruction and heavy indebtedness. The second difficulty resulted, for many in

⁹² Horowitz and Hinder *op cit.*, pp 86 87 and 92

⁹³ Palestine Office of Statistics, *General Monthly Bulletin of Current Statistics of Palestine* March 1938 p 52

⁹⁴ This is because a very large proportion of the trees are young and their productivity will be increasing as they become older

⁹⁵ "Economic Situation in Palestine" *Bulletin of the Economic Research Institute of the Jewish Agency for Palestine* June 1937 pp 9 10, Horowitz and Hinder *op cit.* pp 8 88

⁹⁶ Capital includes owned and borrowed capital.

dustries, in losses which, in some cases, had to be met by writing off a part of the capital. Failures and losses have been enhanced quite often by very slow capital activity. Furthermore, some enterprises have failed because they had no prospects from the start.

The position of Jewish industry by the second half of 1937 is summarized by Horowitz and Hinden as follows :⁹⁷ Export industries chiefly potash, aluminium, cotton, oil and soap, and protected consumption industries, including chocolate, confectionery, beer and cigarette, have remained almost unaffected by the depressed economic conditions. Industries dependent directly on local purchasing power, but not related to the building movement, such as textiles, wearing apparel, and chemicals, showed a decrease of output of about 20-25% as compared with output in 1935. The output of the building material industries and industries engaged in the manufacture of equipment for citrus plantations decreased to about 40 per cent below 1935 output.

The position of Jewish industry in 1936 is given in Table VIII, which is a summary of the census of Jewish industry and handicrafts of 1937, taken by the Jewish Agency for Palestine. As has already been stated in the discussion of the census of Jewish industry of 1934 (describing position in 1933), the censuses taken by the Jewish Agency cannot be compared with the Government census of 1928, first because the Government census does not give Arab and Jewish figures separately, and, secondly, because the Jewish Agency censuses include many more small enterprises, and many non-manufacturing undertakings.⁹⁸ The 1937 census of Jewish industry and handicrafts "enumerated not only manufacturing establishments proper, but also handicrafts and artisans' shops engaged principally in the performance of work for individual customers, such as custom tailor shops, millinery shops, repair shops, garages, laundries, barber-shops, etc.",⁹⁹ whereas the Government census of 1928 enumerated only all factories and workshops producing articles ready for sale.

Comparison between the position of Jewish industry in 1933 (census of 1934) and 1936 (census of 1937) is given in summary form in Table VII. It will be noticed that the number of enterprises increased from 3,388 (970 factories and workshops [230 factories and 740 workshops] and 2,418 handicrafts) to 5,606 (1,556 factories and workshops, [536 factories

97. Horowitz and Hinden, *op. cit.*, pp. 88-89.

98. See p. 240.

99. D. Gurevich, "Census of Jewish Industry and Handicrafts, 1937", *Bulletin of the Economic Research Institute of the Jewish Agency for Palestine*, March/April, 1938, p. 48.

General Summary of the

Group	Enterprises		Persons employed			Capital invested (owned & borrowed)			
	Number	% of total	Number	% of total	Number per enterprise	Amount £P	% of total	Amount per enterprise £P	£P
General Total	5 602	99.9	28 670	95.4	51	7 936 300	68.2	1 417	£
Electric plants	4	0.1	1 370	4.6	342.5	3 701 000	31.8	925,250	2,701
Total	5 606	100.0	30 040	100.0	54	11 637 300	100.0	2 076	38
1 Food	383	6.8	3 950	13.1	10.3	1 651 380	14.2	4 312	43
2. Textiles	116	2.1	1 580	5.3	13.6	484 590	4.2	4 177	36
3 Clothing	1 207	21.5	3 470	11.6	2.9	285 310	2.5	236	25
4 Metal works	600	10.7	2 760	9.2	4.6	709 710	6.1	1 183	1
5 Machinery	433	7.7	1 470	4.9	3.4	255 050	2.2	589	1
6 Timber products	657	11.7	3 030	10.1	4.6	482 290	4.1	734	18
7 Leather works	683	12.2	1 840	6.1	2.7	199 340	1.7	297	28
8 Printing and paper	425	7.6	2 830	9.4	6.7	582 760	5.0	1 371	28
9 Chemicals	91	1.6	2 050	6.8	22.5	1 599 820	13.7	17 580	8.4
10 Stone cement etc.	251	4.5	3 280	10.9	13.1	1 322 320	11.4	5 268	94
11 Electrical mach. etc.	122	2.2	530	1.8	4.3	114 980	1.0	947	1
12 Miscellaneous	634	11.3	1 880	6.2	3.0	248 750	2.1	392	1
Industry									
Total	1 552 ^a	99.7	20 680	93.8	13.3	7 362 970	66.5	4 744	38
Electric plants	4	0.3	1 370	6.2	342.5	3 701 000	33.5	925,250	2.1
Total	1 556	100.0	22 050	100.0	14.2	11 063 970	100.0	7 110	2
1 Food	290	18.6	3 700	16.8	12.7	1 626 780	14.7	5 610	40
2 Textiles	86	5.5	1 510	6.8	17.6	477 740	4.3	5 555	35
3 Clothing	124	8.0	1 270	5.8	10.2	178 270	1.6	1 433	14
4 Metal works	178	11.4	1 920	8.8	10.9	642 010	5.8	2 607	1
5 Machinery	88	5.6	910	4.1	10.3	193 900	1.7	2 203	18
6 Timber products	246	15.8	2 130	9.7	8.7	415 530	3.8	1 689	16
7 Leather works	61	3.9	850	3.8	13.9	143 030	1.3	2 345	20
8 Printing and paper	157	10.1	2 290	10.4	14.6	519 450	4.7	3 308	7
9 Chemicals	71	4.6	2 000	9.1	28.2	1 593 500	14.4	22 443	4
10 Stone cement, etc.	156	10.0	3 060	13.9	19.6	1 289 250	11.6	8 264	1
11 Electrical mach. etc.	38	2.5	330	1.5	8.7	97 820	0.9	2 574	5
12 Miscellaneous	57	3.7	680	3.1	11.9	185 690	1.7	3 758	5
Handicrafts									
Total	4 050	100.0	7 990	100.0	2.0	573 350	100.0	147	

^a 536 factories and 1,016 workshops

100 Girevich op et p 55

VIII

Jewish Industry and Handicrafts, 1937¹⁰⁰

Production				Cost of materials, fuel and electric energy £ P.	Value added by manufacture		Horse-power
Amount £ P.	% of total	Amount per enterprise £ P.	Amount per person employed £ P.		Amount £ P.	Ratio to cost of raw material and fuel and power used in %	
526,330	93.6	1,522	297	4,118,710	4,407,620	107.0	33,645
583,000	6.4	145,750	425				72,850
109,330	100.0	1,625	303				106,495
305,350	25.3	6,019	584	1,471,230	834,120	56.6	6,492
377,290	4.2	3,253	239	195,640	181,650	92.8	1,364
545,760	6.0	4,522	157	220,600	325,160	147.3	131
788,400	8.7	1,314	286	337,490	450,910	133.6	2,811
301,140	3.3	695	205	106,290	194,850	183.3	1,192
306,300	8.9	1,227	266	339,580	466,720	137.4	5,803
419,740	4.6	615	228	188,480	231,260	122.6	500
596,620	6.5	1,404	211	192,250	404,370	210.3	1,252
387,710	9.7	9,755	433	485,140	402,570	82.9	5,897
369,130	11.7	4,259	326	443,080	626,050	141.2	7,387
144,220	1.6	1,182	272	72,910	71,310	97.8	342
284,670	3.1	449	151	66,020	218,650	331.1	474
308,940	92.6	4,709	353	3,689,670	3,619,270	98.0	32,016
583,000	7.4	145,750	425				
891,940	100.0	5,072	358				
260,830	28.6	7,796	611	1,446,460	814,370	56.3	6,394
362,910	4.6	4,220	240	188,270	174,640	92.7	1,321
272,060	3.4	2,194	214	132,540	139,520	105.2	104
643,160	8.1	3,613	330	279,480	363,680	130.1	2,522
216,840	2.8	2,464	238	83,370	133,470	160.0	1,023
635,480	8.1	2,583	298	267,050	368,430	137.9	5,091
267,880	3.4	4,391	315	130,970	136,910	104.5	438
523,080	6.6	3,332	228	172,140	350,940	203.8	1,168
875,800	11.1	12,335	438	479,430	396,370	826.7	5,878
003,490	12.7	6,433	328	411,060	592,430	144.1	7,344
106,970	1.4	2,815	324	59,780	47,190	78.9	333
140,440	1.8	2,464	207	39,120	101,320	258.9	400
217,390	100.0	301	152	429,040	788,350	183.7	1,629

and 1,016 workshops] and 4,050 handicrafts), the number of personnel, from 19 595 to 30 040 (of which 18,160 were workers), the amount of capital from £P 5 371 000 to £P 11,637,300, 101 the value of production, from £P 5,352 000 to £P 9,109 330, and the value of raw materials and fuel and power used, from £P 2,445,625 to £P 4,118,710. The average value of production per enterprise and per person, however, increased very slightly while the processing factor decreased from 119 per cent to 107 per cent. Excluding the electric plants, the activity of capital was about the same.

More detailed comparison between the position in 1933 and 1935 may be obtained from Tables VI and VIII. The proportion of handicrafts to total number of enterprises remained the same, i.e., about 71 per cent 102. The most important industries from the standpoint of production and personnel continued to be food and stone and cement. From the standpoint of capital invested the highest position continued to be occupied by electricity, followed by chemicals and stone and cement. The average horsepower used per undertaking increased from 14.9 HP to 19.2 HP. Excluding horsepower generated in electric plants, however, the degree of mechanization remained about the same.

Comparison between the estimated general position in 1934 and 1935 and that of 1936 is given in Table VII above. Two important changes have occurred in 1936 as compared with 1935: a decrease in the number of people employed, in spite of a large increase in number of enterprises (about 1000) and a fall in the average production per enterprise.

E. SOME INDICES OF POST WAR INDUSTRIAL DEVELOPMENT

As no inclusive information is available about the growth of the whole of Palestine's industry after the War, some indices are given in Table IX which demonstrate in a general way the industrial development since 1925. The yearly imports of industrial machinery increased from £P 198,516 in 1925 to £P 991,892 in 1935, but, for reasons already mentioned above they dropped to £P 555,348 in 1936 and £P 448,707 in 1937. Sales of electric power for industrial purposes, by the Palestine

101 The great increase in capital is to a considerable extent due to increase in the capital invested in electric plants.

102 The predominance of handicrafts is explained by Dr Grunwald to be due to a number of reasons among which are the following: limited market for industrial products; the fact that the customers are mostly shopkeepers of small means; the competition among producers in a limited market; and the low wages of labor which makes the introduction of expensive machinery unattractive. Kurt Grunwald *op cit.* p. 41.

Electric Corporation, increased from 2,426,953 K.W.H. in 1929¹⁰³ to 20,314,114 K.W.H. in 1937. The continued increase in the sale of electric power in 1936 and 1937 was due to the fact that industrial enterprises have been substituting purchased electricity for electricity generated in their own premises. Imported raw materials and articles mainly unmanufactured increased from £P. 643,608 in 1925 to £P. 1,322,846 in 1935, dropped to £P. 971,813 in 1936 and rose again to £P. 1,607,885 in 1937. This unexpected increase in 1937 was probably due, in a large

TABLE IX

Some Indices of Industrial Development

Year	Value of industrial machinery imported ^a £P.	Sales of electric power for industry by the Palestine Electric Corporation ^b K.W.H.	Value of imports of raw materials and articles mainly unmanufactured ^c £P.
1925	198,516	—	643,608
1926	176,712	1,427,475	506,281
1927	134,888	1,509,180	568,424
1928	141,590	1,870,886	643,683
1929	203,958	2,426,953	720,554
1930	237,415	2,190,464	597,574
1931	192,982	3,239,258	417,904
1932	175,208	4,058,629	556,966
1933	466,700	6,575,526	836,485
1934	966,749	9,855,466	1,076,894
1935	991,892	17,166,602	1,322,846
1936	555,348	18,710,245	971,813
1937	448,707	20,314,114	1,607,885

a. Includes machinery which is not for manufacturing. Figures for 1925 to 1935 taken from *Memoranda for Palestine Royal Commission*, Mem. No. 35, p. 178; figures for 1936 from *Blue Book*, 1936, pp. 285-286; figures for 1937 from *Palestine Commercial Bulletin*, Feb. 1938, p. 47.

b. *Statistical Abstract of Palestine*, 1937-38, p. 157.

c. Not including food, drink and tobacco raw materials. Figures for 1925-1926 taken from *Blue Book*, 1930, p. 170; figures for 1927-1931 from *Blue Book*, 1932, p. 196; figures for 1932-1936 from *Blue Book*, 1936, p. 178; figures for 1937 from *Palestine Commercial Bulletin*, Feb. 1938, p. 44.

103. The Palestine Electric Corporation was practically the only enterprise selling electricity during that year, the Jerusalem Electric and Public Service Corporation, which is a very much smaller establishment, started distributing electric current in November, 1929.

measure, to overstocking of raw materials when general prices started to rise.

Increase in output of industry since the Government Census of 1928 is indicated by official estimates for certain years, as follows —¹⁰⁴

	£P 3,886,149
1927	6,000,000
1933	6,500,000
1934	7,000,000
1935	

Exports of locally manufactured articles do not provide an adequate index of industrial development, since 90 to 95 per cent^{104a} of the products of industry are consumed locally, and the increase in output has been in response to increase in local demand, engendered mostly by immigration and settlement. These exports show little or no increase except in 1936 and 1937, when their total value rose from an average of about £P 440,000 to £P 557,000 and £P 897,000 respectively. The increase in 1936 is due largely to the development in the value of exports of potash and bromine, from £P 99,000 in 1935 to £P 168,000 in 1936. The increase in 1937 is due chiefly to a further increase in the value of potash and bromine exports to £P 223,000 and to an increase in the value of exports of edible oils from about £P 57,000 in 1935 to £P 203,000 in 1937, caused, in the case of exports of olive and sesame oils, by the abundant crops in 1937. The following figures show the value of exports of locally manufactured articles during the years 1925 to 1937¹⁰⁵

	£P		£P.
1925	386,594	1932	435,623
1926	299,240	1933	406,398
1927	475,548	1934	404,840
1928	467,704	1935	478,807
1929	467,006	1936	557,179
1930	436,062	1937	896,875
1931	364,954		

¹⁰⁴ *Report to the League of Nations* 1934 and 1935, pp 15 and 22 respectively. Official estimates differ from figures of Jewish sources for reasons already mentioned see pp 2-3 and 247.

^{104a} Horowitz and Hinden *op cit* p 92.

¹⁰⁵ Figures for 1925 to 1928 taken from *Report to the League of Nations* 1931 p 146 figures for 1929 to 1933 from *Ibid* 1934 p 198, figures for 1934 to 1935 from *Ibid*, 1936 p 257 figures for 1936 compiled from *Blue Book* 1936, figures for 1937 compiled from *Palestine Commercial Bulletin*, Feb., 1938.

The values of the principal articles exported during the years 1934 to 1937 are as follows :—

	1934	1935	1936	1937
	£P.	£P.	£P.	£P.
Cake and meal for feeding animals	14,637	9,630	2,205	37,937
Fruit Juices	6,751	9,145	8,589	9,924
Brandy and cognac	5,721	852	2,671	1,842
Wines	23,214	20,551	20,000	18,689
Biscuits and cakes	1,256	1,007	1,143	1,219
Passover bread	1,903	1,924	1,636	1,909
Chocolate	266	548	941	4,594
Olive oil, edible	18,687	32,787	26,223	91,067
Oils, edible, other	35,978	23,808	51,129	112,400
Olive oil, other than edible	—	570	3,482	8,501
Confectionery and sweets	1,489	7,117	15,147	21,895
Sulphur	8	377	1,582	2,585
Cement	1,700	2,650	765	1,640
Looking glasses and mirrors	1,973	2,775	1,311	1,907
Iron wire, all kinds	267	103	464	3,176
Aluminium domestic ware	2,053	2,665	3,186	4,820
Razor blades	23	21	—	977
Electrical goods and apparatus	510	384	202	1,152
Furniture	624	1,062	997	2,025
Olive-wood manufactures	1,691	8,435	1,928	3,952
Cotton yarn and thread	1,931	1,678	19,298	40,574
Cotton piece goods	45	49	177	4,145
Artificial silk crepe and tissues	30	4,668	4,299	8,254
Socks and stockings	8,920	11,095	7,533	10,378
All other wearing apparel	38,124	63,459	47,449	34,460
Bromine	22,600	18,751	35,097	48,269
Potash	56,724	80,231	132,857	174,672
Drugs	632	531	816	1,743
Chemicals, other	994	737	3,194	4,505
Flavoring essences and other essential oils	7,447	6,360	13,685	20,003
Soap	71,532	79,311	53,798	76,296
Leather handbags, purses, wallets, portfolios, and belts	6,035	6,731	4,006	5,724

Paper and cardboard and manufactures thereof	4,142	5,011	4,430	26,810
Buttons	162	187	1,126	2,308
Curios and articles of piety	5,742	6,993	5,852	5,602
Jewelry, all kinds	1,819	2,000	1,205	1,996
Mother-of pearl goods	6,877	3,778	5,310	6,513
Pictures, albums, and postcards	645	833	1,442	3,414
Stationery	989	1,066	330	1,320
Straw mats	530	982	2,007	1,476
Artificial teeth	28,585	33,762	32,200	34,431
Dentifrices	46	390	277	1,008
Perfumery and toilet preparations	740	1,998	2,303	3,654
Works of art	654	398	403	1,360
Other manufactured goods	20,144	21,397	34,480	45,749
	404,840	478,807	557,179	896,815

III The Principal Individual Industries 10:2

The principal individual industries may be grouped under the following headings: —(a) food, intoxicating liquors, and methylated spirits and tobacco (b) cement, brick stone and tiles, (c) inedible olive oil and soap (d) textiles and apparel (e) metal works, (f) woodworks, (g) leather and leather goods, (h) paper, printing and stationery, (i) chemical products (j) miscellaneous manufacturing industries, (k) electric power and transmission.

A FOOD INTOXICATING LIQUORS AND METHYLATED SPIRITS, AND TOBACCO

1 Food The chief industries under food are flour milling, the production of edible vegetable oils, baking, the manufacture of biscuits, macaroni and unleavened bread (matzoth), rice milling, the conserving of fruits and vegetables, the manufacture of chocolates and sweets, the making of butter, *samm* and cheese, and the production of common salt.

10:2a Information on this subject has been drawn to a considerable extent from *Memoranda for Palestine Royal Commission* Mem No 35

Flour-milling occupies a very prominent position in the foodstuffs industries. Almost every town and large village or group of small villages has its own flour-mill or mills. Most of the mills are of a primitive type, but there are several modern ones. The two largest modern mills are the Grands Moulins de Palestine (a Jewish establishment, situated at Haifa) having a capital of £P. 75,000 and a capacity of 75 tons per day, and the National Palestine Flour Mills Co. Ltd. (the most important Arab flour-mill, situated at Jaffa) with a capital of £P. 50,000. The Grands Moulins factory has a special department for the manufacture of matzoth with a capital of £P. 25,000. The flour-milling industry utilizes largely native grain.

The extraction of olive and other vegetable oils is an important industry of Palestine. Olive and sesame oil pressing is a traditional industry,¹⁰⁶ because of the extensive olive groves in the country and the customary growing of sesame. Most of the presses are rather primitive, but there are a number of large modern ones. The largest factories are the Palestine Oil Industry "Shemen" Ltd., Haifa, with an authorized capital of £P. 140,000, and the "Izhar" Ltd., Ramat Gan, with a capital of £P. 30,000. These two factories extract and refine olive and other vegetable oils (chiefly sesame, groundnuts and sunflower oils) and manufacture soap.

The olive oil produced in Palestine is partly edible and partly inedible. A very large proportion of the edible oil is consumed locally as food, and the remainder is exported. The inedible olive oil is used in soap manufacture.¹⁰⁷ Exports of edible olive oil and other edible oils amounted in 1937 to £P. 91,067 and £P. 112,400 respectively. Edible oil other than from olives and sesame is produced in Palestine mainly from imported decorticated groundnuts, sunflower seeds and copra (from which coconut oil is extracted); these, being regarded as raw materials of industry, enter the country duty-free. Imports of these three raw materials in 1937 amounted to 15,783 tons (valued at £P. 226,382), 9,770 tons (valued at £P. 78,840) and 2,180 tons (valued at £P. 44,872) respectively.¹⁰⁸ The corresponding figures for 1932 were 650 tons (valued at £P. 9,728), 7,125 tons (valued at £P. 54,707) and 404 tons (valued at £P. 6,384) respectively.¹⁰⁹ This great difference shows the rapid development of the oil pressing industries in recent years. Feeding cake for

106. See Section I.

107. See under Inedible Olive Oil and Soap.

108. *Palestine Commercial Bulletin*, Feb., 1938, p. 43.

109. *Palestine Blue Book*, 1932, p. 295.

cattle is an important by-product of the oil industry, and is produced in large quantities

Baking is very largely undertaken by primitive methods. Recently, however, two large modern bakeries with modern equipment and facilities were established, the Sova Palestine Bakeries, Tel Aviv, with a capital of £P 35,000 and the Beit Lehem Ltd., Nahlat Itzhak.

The manufacture of biscuits, macaroni and matzoth has been undertaken in Palestine for a number of years. The most important biscuit factory is L. Froumine and Sons Ltd., Jerusalem, with a capital of £P 15,000. It produces twenty kinds of medium quality biscuits and has a capacity of about one ton per day. It also manufactures baking powder.

The largest macaroni factory is J. Starikman, Tel Aviv, and the largest specialized matzoth factory is 'Matza Su' Co., Ltd., Hana. The macaroni and vermicelli industries are confronted with competition from more recently established factories in Syria, where wheat is cheaper and labor cost lower.¹¹⁰

Rice milling is of recent development. A large factory under the name of the Palestine Milling and Trading Co., Ltd. was erected in 1935 at Haifa by an English Group in cooperation with the Palestine Corporation Ltd. and Palestine investors, with an initial capital of £P 35,000. The factory produces milled rice and rice products. The value of milled rice exported in 1937 amounted to £P 57,573 as against £P 4,283 in 1936.

The conserving of fruits and vegetables is a growing industry. The manufacture of fruit juices and fruit products is particularly important as it provides a means for the disposition of surplus citrus fruits. The chief factory is the Palestine Fruit Products Company "Asels", Ltd., Ramat Gan, having a capital of £P 35,300. It manufactures fruit juices, jams, marmalades, vegetable preserves, and tomato products of good quality. In 1936 850 tons of natural citrus juice were extracted in Palestine from 1,000 boxes of fruit.¹¹¹ Local consumption and exports were as follows —

	Production	Consumed locally	Exported	Stock in hand
Orange juice	600 tons	160 tons	120 tons	320 tons
Grapefruit juice	250	170	80	—

The marketing of citrus juice outside Palestine is handicapped by the

¹¹⁰ *Palestine Review* June 12 1936

¹¹¹ *Agricultural Supplement*, No. 14 to the *Official Gazette* No. 667 of 18th February 1937

strong competition encountered from Spanish, American, and West Indian exports.¹¹² The value of exported preserved fruit, fruit juices, jams and jellies was about £P. 11,000 in 1937 (see Table XI).

The chocolate and sweets factories are mostly small-scale enterprises owned mainly by Arabs. There are about five moderately large factories, chief among which is the Elite Ltd., Ramat Gan, with a capital of £P. 16,000 and employing over 150 workers. Another large factory manufacturing confectionery is the Ouf, Bard and Barbir establishment situated in Acre. Palestine factories are faced in the Palestine market with serious competition from Syrian producers. Chocolates and confectionery to the value of £P. 26,488 were exported in 1937 (see Table XI). The chocolate and confectionery industries utilize mainly imported raw materials. Imports of cocoa beans increased from £P. 2,896 in 1930 to £P. 14,658 in 1937, and of cocoa butter from £P. 1,265 to £P. 7,465, showing a very rapid development in the chocolate industry.¹¹³

The butter and cheese industry has already been discussed in Chapter IV. It is sufficient to mention here that this industry has not developed sufficiently to meet the local demand. About three quarters of the products consumed locally are imported from outside.¹¹⁴

Salt is extracted by the Palestine Company from pans at 'Atlit, and, since 1927, by Shukri Deeb and Company from the salt quarries at Jebel Usdum at the southern end of the Dead Sea. The capital invested in this industry amounted in 1936 to over £P. 50,000. Salt is also obtained as a by-product in connection with the extraction of potash and bromine. Table X shows the production of salt from 1924 to 1937. The sale of salt was a monopoly of the Government until November, 1927, when it was abandoned and an excise duty of 1.5 mills per kilogram was imposed on salt extracted.

The salt industry provides almost all the salt required for local consumption and very small quantities are imported. The imports in 1935, 1936 and 1937 amounted to 78 tons, 169 tons and 8 tons respectively.¹¹⁵ On the other hand, practically no salt is exported.

With the exception of salt, statistics of local production and consumption of these food articles are not available, and consequently the extent to which local industry provides for local demand cannot be determined. The import and export figures, however, show the extent

112. *Ibid.*

113. *Palestine Post*, Jan. 14, 1937.

114. Ludwig Samuel, "Industrie Laitière", *Palestine Économique*, 1936, p. 230.

115. Figures for 1935 and 1936 taken from *Blue Book*, 1936, p. 265; figures for 1937 from *Palestine Commercial Bulletin*, Feb., 1938, p. 41.

TABLE X

Production of Salt, 1924-1937¹¹⁶
(In tons)

Year	Production	Year	Production
1924	3 457	1931	7 594
1925	4 794	1932	8 046
1926	5 548	1933	8 404
1927	6 930	1934	9,389
1928	6 235	1935	10 376
1929	7 379	1936	9 148
1930	7 618	1937	9 856

to which local industry is deficient in meeting local demand for these articles and the surpluses marketed abroad (see Table XI) The flour-milling industry has not been supplying local requirements for wheat flour partly because local production of wheat is insufficient for local requirements and partly also because local mills are unable to compete with foreign flour mills in spite of the duties on imported flour¹¹⁷ The olive and other oil pressing industries have not only been able to meet most of the growing local demand, but have also been able to export fairly large surpluses especially in more recent years The balances of trade in biscuits macaroni, etc., and in chocolates and confectionery and sweets have been on the whole unfavorable, showing that the local industries are deficient in providing for local consumption of the articles in these groups The industries of preserved fruits, fruit juices, jams and jellies have for several years been practically meeting the local demand for these articles

2 Intoxicating liquors and methylated spirits The intoxicating liquor industries are the manufacture of wine, 'araq (a drink made usually of grape alcohol and aniseeds), cognac, beer and other spirits, all of which are under excise control In 1936 there were 41 licensed factories for distillation and the manufacture of wine and beer¹¹⁸ Other less important drink industries are the manufacture of aerated water and the bottling of mineral water

¹¹⁶ Figures for 1924-1935 taken from *Memoranda for Palestine Royal Commission* Mem. No 35 p 175 figures for 1936 and 1937 from *Report to the League of Nations* 1936 and 1937 pp 244 and 231 respectively

¹¹⁷ See *Memoranda for Palestine Royal Commission* Mem 35 p 169

¹¹⁸ *Blue Book* 1936 p 187

TABLE XI
Value of Imports and Exports of Principal Food Articles of the Kind Manufactured in Palestine¹¹⁹
(In Palestinian pounds)

	Wheat flour		Olive oil, edible		Other oils, edible		Biscuits, macaroni, vermicelli and malzoa		Preserved fruit, fruit juices, jams and jellies ^a		Chocolates, confectionery and sweets		Butter, samn and cheese	
	Imports	Ex-ports	Imports	Ex-ports	Imports	Exports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Imports	Ex-ports
1930	—	—	1,152	19,394	128	4,549	9,694	6,112	4,284	2,675	56,914	2,610	—	—
1931	151,973	14	1,203	18,945	154	8,703	7,643	5,040	3,181	3,458	46,287	2,597	87,832	2,522
1932	190,330	4	7,633	19,639	3,597	29,826	10,431	6,224	3,683	6,863	38,242	3,466	110,873	4,445
1933	264,679	—	11,935	20,786	20,979	27,071	12,071	3,910	5,715	4,748	47,356	2,666	138,855	7,238
1934	232,220	776	16,555	18,687	20,493	35,978	15,856	3,211	9,934	7,317	60,572	1,715	233,000	799
1935	348,950	6,675	5,149	32,787	16,627	23,808	20,377	2,937	13,972	9,324	85,214	7,665	304,076	1,305
1936	352,727	—	2,703	26,223	3,709	51,129	15,516	2,781	18,076	9,739	57,429	16,088	313,867	996
1937	416,377	1,026	5,659	91,068	7,155	112,400	22,773	3,142	11,045	10,969	59,584	26,488	342,804	479

a. Most of the imports consist of preserved fruits and jams and jellies, and most of the exports consist of fruit juices.

119. Figures for 1930 to 1936 compiled from *Blue Books*; figures for 1937 compiled from *Palestine Commercial Bulletin*, Feb., 1938.

As has already been stated in Section I, the wine industry of Palestine was established on a commercial basis by Baron de Rothschild at Rishon le Tsion and Zikhron Ya'akov about fifty three years ago. Modern plants and large cellars with a total capacity of 73,000 hectoliters per annum have been installed. The factories are now controlled by the Société Cooperative Vigneronne des Grandes Caves. Wines of good quality are also manufactured by the German and Templar Colonies, particularly at Sarona and by several monasteries. Most wine cellars are equipped with stills for the extraction of alcohol which is used in the production of brandy, *araq* and liqueurs. Production of wine amounted in 1936 to 22 575 hectoliters and exports to 6 995 hectoliters (see Table XII). The industry utilizes locally produced grapes, which contain a high percentage of sugar.

Difficulties of marketing abroad have hindered the growth of the wine industry 120 and for the last several years the area under grape cultivation has been reduced in favor of citrus and other fruits 121. On the other hand local demand is increasing.

araq is a native drink produced by Arabs. It is manufactured also from local grapes. The output is consumed almost wholly in the country. Production in 1936 amounted to about 2,380 hectoliters. For several years the quantity of *'araq* manufactured has remained about the same whereas the production of cognac has increased.

Beer production only started in 1935. A company, under the name of Palestine Brewery Ltd., was registered in December, 1934 with a capital of £P 50 000 which was later increased by debenture issue to £P 80 000. The company established a large brewery at Rishon le Tsion and began marketing beer in the middle of January, 1936. The production of beer amounted in 1936 and 1937 to 19 548 and 18,302 hectoliters respectively most of which was consumed locally.

The production, consumption and export of locally manufactured intoxicating liquors for the years 1932-1937 are given in Table XII. The quantities of *'araq*, cognac, and beer imported in 1937 were $\frac{1}{2}$, 153 and 11 536 hectoliters respectively. Imports of grape wine cannot be ascertained from customs statistics, but they must be small, since imports of all wine other than champagne and sparkling wine are rather small. Accordingly, with the exception of beer, local manufacture of the foregoing intoxicating liquors meets practically the whole local requirement, and, in the case of wine, leaves a large surplus for export.

120 See p. 218.

121 C. Empson *Economic Conditions in Palestine* 1935 p. 56.

TABLE XII
Production, Consumption and Export of Intoxicating Liquors, 1932-1937 122
(In hectoliters)

Year	Wine			'Araq'			Cognac			Beer			Other spirits		
	Production	Delivered for home consumption	Exported	Production (of alcohol)	Delivered for home consumption (of alcohol)	Exported (of alcohol)	Production (of alcohol)	Delivered for home consumption (of alcohol)	Exported (of alcohol)	Production	Delivered for home consumption	Exported	Production (of alcohol)	Delivered for home consumption (of alcohol)	Exported (of alcohol)
1932	31,559	7,958	13,762	529	2,430	29	1,607	353	276	—	—	—	4,209	817	—
1933	16,291	10,664	9,333	383	2,493	29	1,213	512	189	—	—	—	6,870	1,153	50
1934	23,789	13,502	8,127	419	2,363	8	2,035	773	286	—	—	—	8,537	1,306	7
1935	26,200	16,260	7,377	516	2,682	10	2,955	924	85	2,426	—	—	10,126	1,587	18
1936	25,756	16,111	6,995	585	2,393	5	1,876	815	73	19,548	21,585	61	10,702	1,442	11
1937	33,936	14,545	7,569	590	2,439	6	3,649	845	70	18,302	18,177	87	9,483	1,488	25

a. The quantity of 'araq produced represents that quantity of spirits resulting from first distillation. In 1935, 1,628 hectoliters of alcohol of fruits (included on first distillation as "Other spirits") and 225 hectoliters of alcohol of grapes (included on first distillation as "Cognac") were redistilled into 'araq, producing 1,815 hectoliters.

122. Figures for 1932 to 1936 taken from *Blue Book*, 1936, p. 187; figures for 1937 taken from *Palestine Commercial Bulletin*, Mar., 1938, p. 114.

Methylated spirits are manufactured by three licensed factories the largest being situated in Jaffa. The amounts of methylated spirits produced during 1932 to 1937 were as follows—¹²³

	2117 hectoliters
1932	3422
1933	4937
1934	5933
1935	6044
1936	5320
1937	

Importation of methylated spirits other than mineralized methylated spirits is prohibited.

3 Tobacco Before 1921 the cultivation of tobacco and the manufacture of cigarettes etc. were under the control of the Turkish Regime Tobacco Monopoly and no tobacco growing or manufacture was undertaken in Palestine. The monopoly was abolished in 1921 and the production of tobacco and the manufacture of cigarettes, cigars, etc. were permitted subject to excise control. The number of licensed tobacco and snuff factories in 1937 was 16 distributed as follows—tobacco and cigarettes 12, cigars, 2, tobacco & snuff, 1. The industry is mostly in Arab hands. The chief factories were in 1936 the Karaman Dick and Salti Ltd. Haifa capital £P 150,000. The Arab Cigarette and Tobacco Factory Ltd. Nazareth, capital £P 40,000, Baddour Ltd. Haifa capital £P 55,000. Dubek Ltd. Benei Beraq capital £P 17,000 and the Maspéro Freres Ltd. Jaffa. The output of tobacco and tobacco products during the last ten years is shown in Table VIII. The industry depends upon both locally produced and imported tobacco. In 1936 1,232,689 kilograms of tobacco and 4,178 kilograms of tobacco were produced in Palestine¹²⁴ and 150,535 kilograms of tobacco leaves and 69,715 kilograms of tobacco leaves were imported.¹²⁵ Local production of tobacco leaves however has been greatly increasing. The product of 1936 is more than twice that of 1932.¹²⁶

Local manufacture of tobacco meets most of the local demand. Imports of manufactured tobacco products in 1937 were in kilograms as follows—manufactured tobacco 7,404, cigarettes 83,441, cigars 1,841, snuff 744, manufactured tobacco 68, the total value of which amounted

¹²³ Figures for 1932-1936 taken from *Report to the League of Nations 1936*, p. 244; figures for 1937 from *Ibid.* 1937, p. 231.

¹²⁴ *Report to the League of Nations 1937*, p. 230.

¹²⁵ *Economic Book 1936*, p. 268.

¹²⁶ The tobacco crop of 1932 was 565,617 kilograms. *Report to the League of Nations 1937*, p. 230.

TABLE XIII

Manufacture of Tobacco and Tobacco Products, 1928-1937 ¹²⁷
(In kilos)

Year	Cut tobacco	Cigarettes	Tombac	Snuff	Heisheh		Cigars
					Tobacco	Cigarettes	
1928	16,167	493,720	83,919	57	—	—	—
1929	20,107	531,887	100,127	1,209	—	—	—
1930	20,301	487,587	96,899	2,225	—	—	—
1931	24,570	493,741	95,923	5,444	—	—	—
1932	20,798	478,022	78,709	4,805	1,228	839	—
1933	17,666	537,348	71,930	6,310	2,039	1,644	—
1934	15,852	636,832	75,294	6,848	4,021	7,766	1,032
1935	18,095	791,264	89,392	7,819	672	694	1,748
1936	16,480	815,196	77,883	8,471	102	205	2,142
1937	14,192	756,907	74,671	8,612	—	30	1,937

to £P. 62,652.¹²⁸ Exports of manufactured tobacco and tombac products are negligible. Their value amounted to £P. 56 in 1935, £P. 34 in 1936 and £P. 116 in 1937.

B. CEMENT, BRICKS, STONE AND TILES.

Until 1936 the building material industries received a great impetus as a result of the rapid expansion in the building activities, due mainly to Jewish immigration and settlement. Total investments in private, commercial and industrial buildings in the twelve years, 1924 to 1935, amounted to about £P. 36,455,000 (see Table XIV). Annual investments rose from £P. 900,620 in 1924 to £P. 8,440,182 in 1935. In 1936 and 1937, the building activity contracted to about 70 per cent of its volume in 1935, and in 1937 to about 50 per cent.

1. Cement. Cement is manufactured by the Portland Cement Company, "Nesher" Ltd., Haifa, one of the largest and most important factories in Palestine. It started production in October, 1925. The factory has an annual capacity of over 300,000 tons and employs over 700 laborers. Its produce ranks among the best qualities of English cement. Of the raw materials used, clay and limestone are quarried from a nearby hill, the gypsum is brought from Menhamia near the Jordan Valley, and the anthracite and coal are imported from abroad. The development of the factory and the extent to which it has been meeting local demand for

127. Figures for 1928 to 1931 taken from *Statistical Abstract of Palestine*, 1936; figures for the following years from *Report to the League of Nations*, 1937, p. 230.

128. *Palestine Commercial Bulletin*, Feb., 1938, p. 42.

TABLE XIV
Total Investments in Private Commercial and Industrial
Buildings 1924 1937 129
(In Palestinian pounds)

Year	Investment	Year	Investment
1924	900 620	1931	2 720 678
1925	2 056 975 ^a	1932	2 945 708
1926	1 140 040	1933	5 600 732
1927	764 920	1934	7 002 268
1928	692 442	1935	8 440 182
1929	1 741 687	1936	5 706 915
1930	2 448 670	1937	4 148 462

^a The great increase was due to the development of construction work in Tyne.
Avv
cement is shown in Table XV. The industry is protected by a high import duty of 850 mls per metric ton 130

TABLE XV
Production Import Exports and Consumption of Cement 1925 1936 131
(In tons)

Year	Local production and imports			Cement exported	Cement used in Palestine C-D	Ratio of local production to consumption in F
	Local production	Imports	Total			
	A	B	C	D	E	F
1925	—	82 536	82 536	—	82 536	60.6%
1926	41 610	29 075	70 685	2 025	68 630	76.3
1927	45 888	23 300	69 188	9 015	60 173	92.6
1928	59 165	14 203	73 368	11 459	61 909	99.5
1929	68 661	7 983	76 644	7 639	69 005	110.1
1930	78 398	5 154	83 552	12 351	71 201	105.2
1931	84 427	4 725	89 152	8 941	80 211	102.9
1932	99 933	7 152	107 085	9 928	97 147	80.3
1933	135 000	39 409	174 409	6 293	168 016	48.8
1934	142 833	150 530	293 363	609	292 754	54.4
1935	187 000	169 537	356 537	984	345 553	70.5
1936	165 425	69 567	234 992	508	234 484	

129 Figures for 1924 to 1935 taken from *Memoranda for Palestine Revue*
Comm on Mem. No 35 p 180 figures for 1936 and 1937 from *Palestine Com*
me and E letter Mar., 1938 p 115

130 *Economic Book* 1936 p 6

131 *From Economic Book* 1936 p 186

2. Stone, bricks and tiles. High-class building stone is available in various places of Palestine, but the cost of transportation has been a handicap to large-scale quarrying. Several comparatively large quarrying enterprises, however, have been established as a result of expansion in construction work, particularly in the building boom of 1933-1935. Chief among these enterprises working in 1936 were the Palestine Levant Quarries, Jerusalem, with a capital of £P. 15,000, and the Sela Company, Jerusalem. The quarrying industry is mostly in the hands of the Arabs.

Bricks are manufactured by a number of small factories and a few large ones. Of the latter working in 1936, there were the Haifa Silicate Brick Works, Haifa, and the "Silicate" Brick Manufacturers, Ltd., Rishon le Tsiyon. Local lime and sand are used.

Roofing tiles, flooring tiles and cement drainage pipes are also manufactured. There are two factories producing good quality tiles and a number manufacturing flooring tiles, colored and mosaic. The manufacture of drainage tiles has been developed chiefly as a result of the introduction of the Californian system of irrigation into most of the Palestinian orange groves. Among the more important factories working in 1936 were: the Palestine Ceramic Industry, Polak Bros., Haifa, (tiles and pottery); Fadl-Allah Majdalani, Haifa, (tiles, cement pipes and blocks); Syrian Orphanage, Jerusalem (bricks, tiles and blocks); Yusif Badran, Haifa, (floor tiles); E. Sahyoun, Haifa, (floor tiles and cement pipes); and Wieland Bros., Haifa, (floor tiles).

TABLE XVI

Value of Imports of Bricks, Tiles and Earthen and Cement Pipes,
1930-1937¹³²
(In Palestinian pounds)

Year	Bricks	Tiles, earthenware, cement and lime for roofing	Tiles, earthenware, cement and lime for roofing and walls	Pipes, earthen, cement and lime
1930	2,160	5,308	10,998	6,003
1931	1,329	4,313	9,747	18,285
1932	3,271	2,607	13,574	8,273
1933	4,307	2,042	27,396	12,386
1934	12,545	2,706	72,157	18,226
1935	20,048	1,400	103,057	30,389
1936	7,327	56	52,170	18,334
1937	9,476	563	70,393	29,461

132. Figures for 1930-1936 from *Blue Books*; figures for 1937 from *Palestine Commercial Bulletin*, Feb., 1938, pp. 44-45.

The extent to which the foregoing industries have fallen short in supplying the local requirements is shown by the statistics of imports of bricks, tiles, and earthen and cement pipes (see Table XVI).

C INEDIBLE OLIVE OIL AND SOAP.

Olive oil pressing and the manufacture of olive oil soap rank among the leading industries of Palestine. It has already been mentioned that only a part of the olive oil produced is fit for food, the remainder is used in the manufacture of soap. About 4,500 tons of olive oil are estimated to be consumed annually as food and about 2,000 tons are used in soap making or a total of 6,500 tons.¹³³ Of this amount about 5,000 tons, on the average, are produced locally from olives yielded in the country and the remainder is imported, mainly from Greece and Syria. The soap produced in Palestine is mostly laundry soap. Until 1928 the oil used in the manufacture of soap was almost entirely olive oil, but since then imported acid oil has been used. Imports of acid oil rose from 852 tons in 1928 to 2,771 tons in 1932, and varied after that within the limits of about one thousand tons. In 1937, 2,474 tons of acid oil were imported. The annual production of olive oil soap and acid oil soap together is about 8,000 tons.¹³⁴ Production of olive oil soap has suffered from competition of the acid oil soap made more cheaply from imported oils, and also from the tariff restrictions in Egypt, the chief foreign market for this product. Exports of laundry soap to Egypt fell from 4,577 tons (valued at £P 200 430) in 1927 to 792 tons (valued at £P. 34,983) in 1937. Exports of Palestinian laundry soap to Egypt are almost wholly not completely olive oil soap.¹³⁵ Exports of laundry soap to Syria, the second and practically the only other customer for Palestinian soap, are mostly acid oil soap. In spite of the decline in the soap industry, it still remains one of the most important industries as regards both production and export. In 1937 the value of soap exported formed 13.6 per cent of total exports of manufactured articles of Palestinian produce and 22.3 per cent when the exports of Dead Sea chemicals are excluded.

The laundry soap industry is mostly in Arab hands. In 1936 there were 24 soap factories in Nablus, with a capital investment of £P 230,000 and an output valued at about £P. 240,000. Jaffa and Ramle came next in importance with 12 and 4 factories respectively. Some of these factories use rather primitive methods. More modern methods are used by

¹³³ Estimate given by Sami W. Dajani of the Palestine Office of Statistics.

¹³⁴ *Memoranda for Palestine Royal Commission*, Mem. No. 35, p. 169.

¹³⁵ This is ascertained from the average prices of soap exported to Egypt.

the two Jewish factories which have been mentioned under edible oil manufacture (i.e. the Palestine Oil Industry, "Shemen", Ltd., and the "Izhar" Ltd.) and the Sherf Company's factory, Rishon le Tsiyon (also Jewish). In addition to laundry soap, the "Shemen" company produces good toilet soap for local consumption and export.

Table XVII shows the imports and exports of acid oils and soap.

TABLE XVII
Imports and Exports of Acid Oils and Soap, 1929-1937¹³⁶
(In Palestinian pounds)

Year	Acid oils				Soap			
	Acid olive oil		Other acid oils		Laundry soap		Toilet soap	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
1929	1,944	—	28,608	—	5,128	214,135	1,071	1,068
1930	—	—	22,208	—	4,167	204,876	933	1,383
1931	—	—	30,409	—	4,970	117,393	772	2,548
1932	1,245	—	56,198	—	2,657	104,830	1,226	3,271
1933	178	—	53,668	—	2,899	57,531	2,608	3,811
1934	—	—	38,546	—	4,925	69,368	5,939	2,164
1935	—	—	37,796	—	10,287 ^a	77,897 ^a	5,343	1,414
1936	—	—	32,423	—	5,326 ^a	52,091 ^a	4,053	1,707
1937	466	—	52,352	133	6,606 ^a	74,259 ^a	5,433	1,988

a. Includes what is termed "other soap" the quantity of which has been very small.

D. TEXTILES AND APPAREL.

1. The textile industries. The textile industries may be divided into old and modern. The old industries are mostly Arab, and include weaving, embroidery work, lace making, textile dyeing and carpet making. In these industries simple tools are used. The most important branch of the old textile industry is weaving, which is centered in Majdal and Gaza. The Arab weaving industry in Majdal represents an investment of £P. 14,200, uses about 700 looms and employs about 1,400 workers.¹³⁷ The annual production of these looms comes to about 438,000 pieces, each 6.5 meters long and 45 centimeters wide. Weaving in Gaza employs about 60 laborers. Embroidery work and lace making are undertaken mainly in Râmallah and Bethlehem. Together, the Arab industries employ about 2000 laborers.

136. Figures for 1929 to 1936 compiled from the *Blue Books*; figures for 1937 from *Palestine Commercial Bulletin*, Feb., 1938.

137. *Memoranda for Palestine Royal Commission*, Mem. No. 35, p. 170.

The modern textile industries are principally Jewish. They include cotton spinning, cotton and silk weaving, knitting and dyeing. Silk and wool spinning have not yet been undertaken, and wool weaving is still confined to carpets and rugs and a few ornamental articles, manufactured on a small scale. About 1 600 people are employed in the Jewish textile industries and handicrafts.¹³⁸ The capital invested in 1936 was £P 484 590 and the output was £P 377,290.

Cotton spinning was not started until 1935. A modern factory was erected in 1934 by the Ata' Textile Company, Ltd. at Kfar Ata, 12 kilometers from Haifa. The factory's major work is spinning, but it also undertakes weaving and dyeing. It has 5 500 spindles and 120 looms¹³⁹ and employs about 160 workers.¹⁴⁰ Cotton yarn and thread are now supplied to the neighboring foreign markets (principally Syria and Turkey) as well as to the local market. About 158 tons, valued at £1 19 298 were exported in 1936, and 306 tons valued at £P 41 873 were exported in 1937 (see Table VIII). The success of the factory is attributed largely to the expert knowledge of the owners,¹⁴¹ the Moller family of Czechoslovakia. By the end of 1936, the capital invested by the company in plant, machinery and equipment was £P 80 000.¹⁴²

Cotton weaving on modern lines was introduced by the same company in 1936. Cotton shirtings and other fabrics are now marketed on a commercial scale.

Silk weaving on modern lines were undertaken in 1936 by two fairly large factories: the Delfiner Silk Factory Ltd., Tel Aviv, originally established in 1925 and the Meshi Silk Works, Ramat Gan, established in 1936. The total investment of the two factories amounted in 1936 to over £P 120 000 and the number of laborers to 160.¹⁴³ The first attempt at silk weaving made by the Delfiner factory in 1925 was unsuccessful and the factory had to be closed after a short time.¹⁴⁴ Other experiments at silk weaving, at Beni Beraq and Jedda, also failed. The Meshi Silk Works established in 1933 by an American, named Mr. Sacks, closed down because of inability to withstand Japanese competition. In January 1936 the tariff on silk imports was raised and the two companies were re-established, the Delfiner factory having passed into new hands.

138 See Table VIII.

139 *Palestine Economic Review* Jan. 1936.

140 *Palestine and Middle East Economic Magazine* Jan., 1937 p. 41.

141 *Ibid.*

142 *Ibid.*

143 *Memoranda for Palestine Policy Commission* Mem. No. 35 p. 10.

144 *Palestine Review* May '32 1936.

Weaving of upholstery was started by the Gizu factory. Several workshops are also engaged in manufacturing tapestry, rugs and the like from homespun Arab wool.

Knitting forms a very important part of the textile industry of Palestine, and is undertaken by a number of workshops and several factories.¹⁴⁵ The two largest enterprises in 1936 were the Lodzia Factory, near Miqve Yisrael, and the Gereb Company at Ramat Gan. The Lodzia Factory was established in 1924 and manufactures hosiery and other knitted goods and fabrics. The Gereb factory produces hosiery by means of automatic machinery. A new textile factory, "Hera" (at Tel Aviv), specializes in the manufacture of jerseys, jacquard and other dress fabrics.

Dyeing and finishing work has recently been undertaken by two enterprises in Ramat Gan, "Keshet" and "Argamon", the latter working in conjunction with the Meshi silk factory. In 1936 the "Ata" Textile Company also added dyeing and finishing works to its other activities.

The growth of the weaving and knitting industries may be gathered from the imports of yarn (see Table XVIII). With the exception of 1936, the imports of yarn has been increasing from year to year.

2. Apparel. Many articles of wearing apparel are now made in Palestine, such as blouses, shirts, pyjamas, men's clothes, children's and ladies' dresses, corsets, ladies' underwear, hats, belts, garters, gloves, neckties, shoelaces, rubber waterproofs, etc. Most of these articles are manufactured on a small scale. The more important manufacturers in 1936 were: the Halifa Ltd., Tel Aviv, a machine tailoring establishment (suits and overcoats); the American Dress Company, Tel Aviv, (ladies' dresses); "Jasa" Company, Tel Aviv (hats); "Arig", Tel Aviv, (underwear and woolen fabrics; and Boas and Company, Tel Aviv, (corsets and underwear).¹⁴⁶

The imports and exports of textiles and apparel are given in Table XIX. The import statistics show that the textile and apparel industries have so far had little effect on the total demand from abroad, although they are making progress in articles in which they specialize.

145. The chief articles produced are stockings and socks of natural and artificial silk and of cotton, bathing costumes, underwear, baby and children's wear, knitted suits, shawls, and sweaters.

146. *Memoranda for Palestine Royal Commission*, Mem. No. 35, p. 170.

TABLE XVIII
Imports of Yarn and Raw and Waste Cotton and Wool, 1931-1937 147

Kind of yarn, etc	1931		1932		1933		1934		1935		1936		1937	
	Quant- ty in tons	Value in £P.	Quant- ty in tons	Value in £P.	Quant- ty in tons	Value in £P.	Quant- ty in tons	Value in £P.	Quant- ty in tons	Value in £P.	Quant- ty in tons	Value in £P.	Quant- ty in tons	Value in £P.
Silk and artificial silk yarn	12	6,328	23	12,040	45	22,635	76	32,871	110	41,472	134	40,747	166	60,741
Cotton yarn	326	36,711	477	54,499	580	68,600	629	80,002	752	97,958	430	55,470	558	80,833
Woolen yarn	22	8,665	47	21,179	101	45,985	107	52,300	90	37,124	63	32,253	119	63,505
Cotton, raw and waste	347	14,629	196	6,361	361	11,643	496	18,054	694	27,181	535	27,581	820	44,501
Wool, raw and waste	58	3,200	36	1,796	22	1,177	30	1,906	33	2,123	5	319	24	1,525
Total	765	69,533	779	95,875	1,109	150,044	1,338	185,133	1,679	205,858	1,167	156,370	1,687	251,105

147 Figures for 1931 to 1936 compiled from Blue Books, figures for 1937 from Palestine Commercial Bulletin, Feb., 1938

TABLE XIX

Value of Imports and Exports of Textiles and Wearing Apparel,

1930-1937 148

(In Palestinian pounds)

Year	Yarn, cotton, silk and woolen		Cotton piece goods		Woolen tissues		Silk tissues		Socks and stockings		Wearing apparel ^b	
	Imports	Exports ^a	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
1930	72,109	—	478,545	—	150,185	—	182,144	—	36,003	19,722	235,460	17,020
1931	51,704	880	358,375	532	106,305	48	170,739	3	26,629	16,075	168,732	16,583
1932	87,718	2,041	382,449	140	152,807	—	174,887	—	31,493	12,538	194,892	3,666
1933	137,224	2,533	410,572	45	201,559	—	231,733	11	38,596	11,584	378,237	14,328
1934	165,073	2,120	520,574	45	245,277	—	307,028	30	46,774	8,920	417,768	25,698
1935	176,554	2,247	529,242	49	289,757	517	291,213	4,668	56,319	11,095	530,357	61,168
1936	128,470	19,314	305,896	177	180,252	—	153,245	4,299	37,096	7,533	273,365	46,627
1937	205,079	40,665	444,110	4,144	266,011	97	245,697	8,539	52,482	10,375	339,791	34,372

a. Mostly cotton yarn; includes thread.

b. Excluding leather goods, old clothing and socks and stockings.

148. Figures for 1930 to 1936 compiled from *Blue Books*; figures for 1937 from *Palestine Commercial Bulletin*, Feb., 1938.

E. METAL WORKS

A wide range of metal articles are now produced in Palestine. Most of these articles are building accessories, and their production is, therefore dependent upon building activity. A number of metal articles are also produced to meet the demands of agriculture, particularly those of irrigation. Some of the more important articles manufactured are baths, bedsteads, iron sanitary ware, steel furniture, safes, nails, screws, barbed and galvanized wire, retorts, aluminium domestic ware, tools, chairs and springs, pumps, cast iron pipes, metal containers, metal door and window fittings, door locks, machinery parts, valves and razor blades.

The metal works are undertaken largely by medium-size factories and by workshops and handicrafts. Most of the factories are Jewish. The largest ferrous metal works in Palestine in 1936 was the Palestine Foundries and Metal Works (near Haifa), with a capital of £P 100,000. It produced bathtubs, sanitary appliances, cast iron pipes and connections, flushing cisterns and cast iron products. Barzeil Metal Works, near Tel Aviv, ranked next. It had a capital of £P 18,000 and manufactured nail, barbed and galvanized wire and wire fencing. The largest non-ferrous factory was the Palestine Copper Industry, Nechuha, Haifa, with a capital of £P 45,000. It manufactured bath geysers and metal copper works. Next in importance, perhaps, was Palalim, Ramat Gan, which manufactured aluminium ware.

The materials for the metal industries are all imported, so that they suffer from the double disadvantage of bulk and weight. Tariff protection and the preference by buyers for Palestine products in the interest of local industry, together with the increasing demands of the building trade for metal products, have, however, helped to make those industries flourish. The dependence of the metal industry upon the building trade in Palestine is shown by the great fall in production of metal products in consequence of the contraction of the building trade in 1936 and 1937 (already referred to). The largest metal works enterprise, the Palestine Metal Works and Foundries, had to suspend production and capital reconstruction was found necessary.

The development of the metal industries may be shown from the census figures of Jewish industry (see Tables VI and VIII), and from the imports of certain products, such as pig iron, iron sheets and plates (black and galvanized), tin plates, aluminium foil and sheets, brass and copper ingots, sheets and bars. The value of the imports of these articles rose from £P 58,847 in 1930 to £P 201,641 in 1935. It fell to £P 175,630

TABLE XX

Value of Imports and Exports of Some of the More Important Metal Articles of the Kind Manufactured in Palestine, 1930-1937 ¹⁵¹

(In Palestinian pounds)

	1930		1931		1932		1933		1934		1935		1936		1937	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
Aluminium ware and manufactures	8,662	—	6,864	—	7,226	—	11,064	—	12,850	2,053	11,493	2,665	7,181	3,186	4,405	4,821
Baths	^a 6,355	^a 1,708	^a 3,705	^a 2,827	^a 3,127	^a 4,343	^a 4,284	^a 818	^a 4,240	^a 462	^a 4,843	^a 261	^a 1,540	^a 287	^a 3,654	^a 198
Bedsteads, iron	^a 20,806	^a —	^a 13,956	^a —	^a 22,485	^a 93	^a 2,582	^a 10	^a 32,903	^a 7	^a 16,088	^a —	^a 8,924	^a 60	^a 32,115	^a 123
Furniture, iron	8,936 ^b	—	1,792	221	1,429	87	9,933	549	12,543	235	18,584	168	11,127	35	13,516	111
Nails, iron	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Nettings, iron wire	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Pipes, iron and cast iron	95,132	—	85,012	—	118,977	—	214,958	—	366,032	—	441,092	—	178,884	—	269,933	—
Pumps	25,185	—	20,153	—	18,236	—	37,982	—	65,993	—	65,358	—	36,534	—	37,982	—
Safes, iron	2,837	—	4,549	—	1,200	—	862	—	3,328	203	3,789	66	3,564	443	2,823	181
Sanitary ware, iron	20,939	—	19,824	—	39,288	40	66,041	60	177,999	6	39,975	—	29,083	2,380	28,813	—
Springs, iron	^a 19,859	^a 294	^a 14,227	^a 68	^a 16,263	^a 128	^a 30,478	^a 215	^a 48,187	^a 133	^a 67,357	^a 264	^a 24,324	^a 393	^a 27,771	^a —
Stoves	19,856	—	10,334	4	9,039	13	50,187	—	102,145	15	114,153	350	52,355	94	73,132	13
Tools	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Wire, iron	10,568	—	8,437	—	20,830	—	40,643	—	55,502	—	42,679	103	30,009	464	47,246	3,177

a. Not entered separately.

b. Including other wire manufactures.

¹⁵¹. Figures for 1930-1936 compiled from *Blue Books*; figures for 1937 from *Palestine Commercial Bulletin*, Feb., 1938.

in 1936 but rose again to £P 223 622 in 1937

Local metal industries have made progress in articles in which they specialize. When machinery is included however, local metal industries supply only a small proportion of the country's requirements for metal manufactures. Table XX shows the value of imports and exports of some of the metal articles of the kind manufactured in Palestine.

F WOODWORKS

The principal wood products are doors and windows and other building works, furniture and citrus boxes. Doors and windows, and to some extent furniture, are manufactured chiefly by carpentry shops while citrus boxes and a considerable proportion of furniture are manufactured by factories. The three most important furniture factories working in 1936 were A. Krinitz, Nahlat Ganim, 'Tirzah' Ltd, Rishon le Tsion, with a capital of £P 25 000, and 'Progress', Tel Aviv (manufacturers of bent wood furniture) 152. Other furniture factories working on a fairly large scale were Kamel Geadah, Haifa; Tahboub Bros., Jaffa; 'Ali Dabagh', Jaffa; and Jamul Wahbeh, Jerusalem. The chief manufacturers of citrus boxes in 1936 were Haargaz Cooperative Society, Tel Aviv and Cahani Bros., Jaffa. The former also manufactures bus and truck bodies.

The growth of the woodwork industry may be shown from the figures of wood imports in Table XXI.

TABLE XXI
Imports of Wood for Manufacturing Purposes, 1930-1937 153

Year	Wood and timber for building (In cubic meters)	Plywood (In tons)	Wood for furniture (In cubic meters)	Wood prepared for citrus boxes (In cubic meters)
1930	49 811	456	2 862	22 758
1931	56 965	318	2 951	46 025
1932	74 922	968	2 857	41 553
1933	115 619	1 789	6 704	73 339
1934	200 337	5 370	8 345	102 500
1935	207 047	4 867	7 237	73 855
1936	90 056	3 195	3 459	105 988
1937	139 038	3 283	5 967	

152 *Memoranda for Palestine Royal Commission* Mem. No. 35 p. 171

153 Figures for 1930 to 1936 compiled from *Blue Books*; figures for 1937 from *Palestine Commercial Bulletin* Feb., 1938

The wood industries supply most of the local demand for wood manufactures. Imports of wooden furniture (including bent wood furniture) during the last eight years were as follows:—¹⁵⁴

1930	£P. 27,344
1931	20,270
1932	22,780
1933	29,806
1934	66,393
1935	72,959
1936	33,714
1937	41,581

G. LEATHER AND LEATHER GOODS.

The leather and leather goods industries in Palestine include tanning, shoemaking and the manufacture of handbags, pocketbooks, suitcases, belts and other fancy leather goods.

1. Tanning. There are several fairly large tanneries using modern machinery and a considerable number of smaller undertakings. The principal factories working in 1936 were : Lekovitch Bros., Tel Aviv; the Anglo-Palestine Leather Co., Yâzûr, with a capital of £P. 20,000; The Leviathan Tannery Co., Yâzûr, with a capital of £P. 15,000; Wadie Dor-khum, Jaffa; and Kiriako Kiriâzi, Jaffa.¹⁵⁵ They manufacture mostly sole leather, principally from local hides. Attempts to produce high-grade upper leather have not been successful, owing to the fact that local hides are usually damaged by insects.

2. Shoemaking. Shoemaking is a thriving industry. There are a number of medium- and small-size factories and a large number of workshops and shoemakers, of which roughly two thirds are Arab and one third Jewish. The biggest factory working in 1936 was The Corona Company, Rishon le Tsiyon, with a capital of £P. 20,000.¹⁵⁶ Import and local production of leather boots and shoes in 1935 were estimated at about 1,350,000 pairs.¹⁵⁷ The total value of the local output in that year was estimated at £P. 400,000 and the value of imports was about £P. 95,000. Accordingly, local industry provided in 1935 a little over 80 per cent of total consumption.

The shoe industry in Palestine suffers to some extent from the competition of Syrian manufacturers chiefly because Armenian labor in the

154. Figures for 1930 to 1936 compiled from *Blue Books*; figures for 1937 from *Palestine Commercial Bulletin*, Feb., 1938.

155. *Memoranda for Palestine Royal Commission*, Mem. No. 35, pp. 172-173.

156. *Ibid.*, p. 173.

157. *Palestine Post*, Nov. 18, 1936.

shoe industry of Syria is much cheaper than either Arab or Jewish labor in Palestine, and the tariff protection does not apply to imports from Syria of articles of Syrian production.¹⁵⁸ The value of imports of leather boots and shoes from Syria in 1936 was £P. 43,269 out of a total import of £P. 63,366. Except for the competition of Syrian manufacturers, the shoe industry is protected by a high customs duty, varying between 50 and 250 mls per pair of leather shoes, depending upon the weight.

3 Leather handbags, pocketbooks, etc. The chief factories manufacturing fancy leather articles in 1936 were the "Zetge" Company and the Green and Freidlander Ltd, both in Tel Aviv. Much of the leather required for this industry is imported. The industry supplies most of the local need, and exports handbags and pocketbooks, principally to Syria.

The imports and exports of leather goods during the last eight years are given in Table XXII.

TABLE XXII
Value of Imports and Exports of Leather Goods, 1930-1937¹⁵⁹
(In Palestinian pounds)

Year	Sole leather and tanned hides		Upper leather		Leather boots and shoes		Leather handbags and pocketbooks		Other leather manufactures ^a	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
1930	34,139	7,771	38,877	2,749	89,644	2,013	3,626	6,274	6,699	75
1931	21,836	4,024	47,237	730	51,688	96	2,650	6,023	3,485	155
1932	20,502	719	36,584	421	42,711	304	3,474	5,290	4,106	41
1933	21,114	1,085	45,010	699	40,956	494	6,479	7,249	6,309	881
1934	26,188	1,637	64,120	1,165	72,800	850	9,239	6,035	10,298	33
1935	33,333	146	67,005	64	94,471	383	7,858	6,731	8,118	7,002
1936	34,358	596	68,240	272	63,366	35	2,547	4,006	6,415	4,914
1937	69,697	325	96,517	181	111,073	31	2,857	5,423	19,591	327

a Including leather apparel other than boots and shoes

¹⁵⁸ This is in accordance with the Palestine Syria Customs Agreement of 1929, whereby goods which are the produce of Palestine and Syria may enter into either country without payment of customs duties.

¹⁵⁹ Figures for 1930-1936 compiled from *Blue Books*, figures for 1937 from *Palestine Commercial Bulletin*, Feb., 1938.

H. PAPER, PRINTING AND STATIONERY.

The paper and stationery industries include the manufacture of cardboard boxes, envelopes, carbon paper, typewriter ribbons, paper cups, paper bags for cement, and paraffin paper. The manufacture of cardboard boxes is an important auxiliary to the tobacco industry. The largest undertaking for the manufacture of cigarette boxes is the factory of Jabbour and Karkabi, Haifa, which employs about 50 workers. Paper and cardboard manufactures are made of imported paper and cardboard.

Printing has become an important industry in Palestine. The number of newspapers, periodicals and books published has been constantly increasing, so that an increasing number of printing presses have been set up to meet the growing demand. Some of the larger presses have up-to-date machinery, notably Bet Dfus Leumi Ltd., in Jerusalem, with a capital of £P. 15,000. In addition to printing there are several firms for publishing and bookbinding.

Manufactures of paper, cardboard and stationery in Palestine fail to meet the local demand, and large quantities are imported. In 1937 the value of imports of paper and cardboard products and of stationery amounted to £P. 60,005 and £P. 65,252 respectively, while the value of exports amounted to £P. 26,470 and £P. 1,319.

I. CHEMICAL AND ALLIED PRODUCTS.

The chemical industries may be divided, according to whether or not they are strictly manufacturing undertakings, into two classes, the chemical extractive industries and the chemical manufacturing industries.

1. The chemical extractive industries. As has already been stated in Chapter II, the Dead Sea contains huge quantities of chlorides of sodium, potassium and magnesium and also some bromine, but from the standpoint of commercial value at present, potassium and bromine are the most important resources. These minerals are now exploited by the Palestine Potash Company Limited, which holds concession for 75 years beginning January 1, 1930. The Palestine Economic Corporation of New York, the directors of which are non-Zionist Jews cooperating with the Jewish Agency for Palestine, has a considerable interest in this concession. The authorized capital of the Palestine Potash Company is now £P. 800,000, of which £P. 746,452 has been issued and called up. Plants were constructed first at the northern end and more recently at the southern end of the Dead Sea, each having a production capacity of 25-30,000 tons. The process of extracting potash and bromine consists of

pumping Dead Sea water into large shallow pans where it evaporates by the heat of the sun. Through fractional crystallization the salts precipitate at different temperatures into special basins. The salts are then collected and taken to the potash and bromine factories where they are refined.

Several other chemicals are obtained or manufactured as by-product. These are table salt (a few thousand tons, sold locally), magnesium salts (for export) bath salts (used locally and exported for medicinal use), anti-dust liquid (a material for street sprinkling), and potassium sulphate (a fertilizer used locally) ¹⁶⁰

The output of potash and bromine is indicated by the statistics of exports as the local consumption of these articles is negligible (see Table XXIII). The large increase in the export trade in 1937 is due to the development of the new extension to the south of the Dead Sea.

TABLE XXIII

Exports of Potash and Bromine, 1932-1937 ¹⁶¹

Year	Potash		Bromine		Total value £P	Percentage of total exports of manufactured articles ^a
	Tons	£P	Tons	£P		
1932	—	55,938	—	16,180	72,118	16.6
1933	—	44,693	—	21,560	76,253	18.8
1934	11,427	56,724	455	22,600	79,324	19.6
1935	18,124	80,231	403	18,751	98,982	20.7
1936	19,793	132,672	478	35,097	167,954	30.1
1937	29,110	174,672	611	48,269	222,941	24.9

a. For export of manufactured articles, see p. 252.

Sulphur is extracted by Palestine Sulphur Quarries Limited (an English Arab company) from the sulphur deposits near Gaza. The company has a capital of £P 37,500, and its plant has a capacity of one ton per hour when milling 20 per cent ore. The quantities extracted in 1936 amounted to 427 tons, valued at £P 1,792. A special white sand suitable for the manufacturing of glass, is obtained as a by-product.

2. The chemical manufacturing industries. The main industries in this group are the manufacture of matches, the extraction of essential oils from flowers and odoriferous plants and the production of perfume and

¹⁶⁰ M. Novomeysky "The World's Potash Industry and the Dead Sea", *Palestine Economic Annual of Palestine* 1936, Vol. II p. 129.

¹⁶¹ Figures for 1932 to 1936 taken from *Blue Books*, figures for 1937 from *Palestine Commercial Bulletin*, Feb., 1938.

cosmetics. Other chemical manufacturing industries are chemical and pharmaceutical products; paints, colors and varnishes; polishes, disinfectants, inks, and dyes. Matches are manufactured at Acre by the "Nur" Safety Match Company, established in 1926 by Swedish interests, with a capital of £P. 20,000. A second factory was established in 1936 at Tel Aviv. The matches produced meet almost all the local demand, but nothing is exported. Production during 1927 to 1937 is given in Table XXIV.

Table XXIV
Production of Matches, 1927-1937 162
(In gross boxes)

Year	Production	Year	Production
1927	(8 months) 98,360	1933	127,761
1928	110,650	1934	175,758
1929	130,569	1935	221,275
1930	145,786	1936	217,433
1931	159,485	1937	237,220
1932	140,278		

The chief factories manufacturing essential oils and perfumery in 1936 were P.I.C.A. Oil Factory, Binyamina, and the Palestine "Fructarum" Ltd., Haifa, with a capital of £P. 28,000. The other chemical manufactures are undertaken by a number of firms, the more important of which in 1936 were: "Iwa" Middle East Pharmaceutical and Chemical Works Co., Ltd., Jerusalem, (medicinal products); Palestine Oxygen Company, Haifa (oxygen); Palestine Alcohol and Carbonic Acid Co., Tel Aviv, capital £P. 15,000; Palestine Paint Products Ltd., Tel Aviv, (paints and enamels); Oriental Chemical Works, Ramat Gan, (perfumes, cosmetics, and pharmaceutical products); "Zevah" Ltd., Haifa, (paints, varnishes and enamels); "First Printing Ink Factory", Tel Aviv; "Eos", Tel Aviv, (polishes and stain removers); Salomon, Levin and Elstein, Tel Aviv, (disinfectants); Menorah Rubinstein Bros., Tel Aviv, (candles).

Table XXV gives the value of imports and exports of matches, essences of all kinds, and perfumery and toilet preparations during the years 1930 to 1937.

162. Figures for 1927 to 1936 from *Blue Book*, 1936, p. 187; figures for 1937 from *Report to the League of Nations*, 1937, p. 231.

TABLE XXV

Value of Imports and Exports of Matches, Essences of all Kinds and
Perfumery and Toilet Preparations, 1930-1937¹⁶³
(In Palestinian pounds)

Year	Matches		Essences of all kinds ^a		Perfumery and toilet preparations	
	Imports	Exports	Imports	Exports	Imports	Exports
1930	872	—	2 230	158	25 242	18
1931	382	—	2 312	703	22,370	—
1932	191	—	2 219	2 285	25 263	44
1933	163	—	3 282	3 923	34 403	338
1934	568	—	7 288	7 447	44 549	740
1935	783	—	10 569	6 360	49,303	1 998
1936	535	—	3 839	13 685	29 990	2 303
1937	1 063	—	5 120	8 471	30,362	3 654

^a Excluding flavor essences.

J MISCELLANEOUS MANUFACTURING INDUSTRIES

There are several manufacturing industries which cannot be properly classified under the foregoing groups but which deserve mentioning. The most important of these are the artificial teeth industry and the manufacture of electric articles, such as insulated electric wire, electric batteries, electric lamps etc. Other industries worth mentioning are glassmaking and the manufacture of brushes. Artificial teeth are manufactured by the American Porcelain Tooth Company, Ltd, Tel Aviv one of the outstanding factories in Palestine. Its capital in 1926 was £P 13,000. Most of the output is exported. The value of exports in 1937 amounted to £P 34 431 as against £P 10 325 in 1930-1931. It is interesting to note that this industry has flourished in spite of the fact that all raw materials used are imported. In 1936 electric articles were manufactured by the following enterprises —Palestine Electric Wire Company, Haifa capital £P 25,000 (insulated electric wire) —Ran Company Tel Aviv (electric batteries and accumulators), Pfefferbaum Bros Nahlat Itzchak, (conduit boxes and electric fittings) Goldsmith and Schwabe Ltd. Tel Aviv (electric lamps). These enterprises furnish only a small part of the local demand, electric installation material and batteries are mostly imported.

¹⁶³ Figures for 1930 to 1936 compiled from *Blue Books* figures for 1937 from *Palestine Commercial Bulletin* Feb 1938.

¹⁶⁴ *Report to the League of Nations* 1937 and 1934 pp 241 and 200 respectively.

K. ELECTRIC POWER AND TRANSMISSION.

Electrical energy is generated by two public service companies, the Palestine Electric Corporation, Ltd. and the Jerusalem Electric and Public Service Corporation. The former is by far the larger enterprise. It has the exclusive right for the generation and distribution of electrical energy throughout Palestine and Trans-Jordan, with certain exceptions, of which Jerusalem is the most important; and it possesses the right of the utilization, for this purpose, of the water power of the upper waters of the Jordan and its tributary, the Yarmūk. The company's original nominal capital of £. 1,000,000 was raised in 1934 to £. 2,500,000, and it is intended to raise it further to £. 5,000,000.¹⁶⁵ The issued capital on December 31, 1937 was £. 2,337,625 and the general reserve £. 150,000.¹⁶⁶ The Jewish Agency for Palestine is a large shareholder. The company has a hydroelectric station at the Jordan, and thermoelectric stations in Haifa, Tel Aviv and Tiberias. By the end of 1936, 657 transformers with a capacity of 59,910 KVA. were put into commission in consumers' premises.¹⁶⁷ The transmission and distribution network of the company totalled 993 km. of high-tension transmission lines and cables and 959 km. of low-tension distribution lines.

The Jerusalem Electric and Public Service Corporation has a concession area extending for a radius of 20 kilometers from the Dome of the Church of the Holy Sepulchre at Jerusalem, including Bethlehem and Rámallah. The authorized capital of the company is £P. 600,000, of which £P. 450,000 had been issued by December, 1937.

Production and sale of electric current have increased very rapidly, and power rates have been reduced gradually (see Table XXVI). Total sales of electricity by the two companies amounted in 1937 to nearly 77,000,000 K.W.H. as against 6,500,000 K.W.H. in 1930, while revenue per unit sold dropped from 28.5 mils in 1926 to 20.4 mils in 1930, to 8.9 mils in 1936. The gradual reduction in power rates has given a great momentum to industrial development. Electricity is rapidly becoming the principal source of power. Of the 71,266,000 K.W.H. sold in 1937 by the Palestine Electric Corporation, 20,314,000 K.W.H.,¹⁶⁸ or about 30 per cent, were for industrial purposes.

165. *Report to the League of Nations*, 1937, p. 398.

166. *Ibid.*, p. 401.

167. *Ibid.*, p. 397.

168. *General Monthly Bulletin of Current Statistics of Palestine*, Apr., 1938, p.

TABLE XXVI

Production and Sale of Electric Energy in Palestine by the Two Public Service Companies

Year	The Palestine Electric Corporation, Ltd. ^a				Jerusalem Electric and Public Service Corporation, Ltd.	Total units sold in K W H
	No of consumers connected	Units generated in K W H	Units sold in K W H	Revenue per unit sold in K W H	Units sold in K W H	
1926	6 550	3,048,442	2,343,764	28 5	—	2,343,764 ^a
1927	7,477	3,143,442	2,527,126	28 2	—	2,527,126 ^a
1928	8 582	3,890 622	2,973,701	26 9	—	2,973,701 ^a
1929	9 303	4,930,960	3,634,838	25 0	—	3,634,838 ^a
1930	10 620	7,199,317	6,168,198	20 4	300,000 ^{ad}	6 468 198 ^a
1931	12 029	11,530,198	8 707,917	16 0	839,600 ^a	9,547,517 ^a
1932	15,113	16,629,054	11,590,350	12 6	1,038,000 ^a	12 628,350 ^a
1933	21,934	29 120 155	20,136,839	11 0	2,128,719 ^a	22,265,558 ^a
1934	35,397	47,485,776	34,385,515	10 6	3,116,072 ^a	37,501,587 ^a
1935 ^b	53,246	71,885,097	50,362,193	9 7	3,308 205	53,670,398
1936 ^c	66,537	90,423,846	65,495,957	8 9	4,522,041	70,017,998
1937 ^c	75,805	101,452,520	71,265,889	—	5,732,594	76,998,483

- a Figures for 1926 to 1934 taken from *Report to the League of Nations, 1936*, p 402.
 b Figures for 1935 taken from *General Monthly Bulletin of Current Statistics of Palestine* Jan 1937 p 35.
 c Figures for 1935 and 1937 taken from *Ibid*, Apr, 1938, p 52 and *Statistical Abstract of Palestine 1937* 38.
 d Figures obtained by deducting the units sold by The Palestine Electric Corporation Ltd from the total units sold.
 e Figures taken from *Memoranda of Palestine Royal Commission*, Mem. No 35 p 178.

IV Labor in Industry

As must have been gathered from the foregoing discussion of post-War industrial development, the number of wage-earners in industry has increased considerably since the War. Exact figures are not available, but estimates have been made by the Government from time to time, and from these and from the Jewish censuses of industry the following figures of workers employed in industrial enterprises (most probably enterprises employing 4 or more wage earners including contract laborers) have been arrived at 169

169 *Memoranda for the Palestine Royal Commission*, Mem No 35, p 178. The belief that by industrial enterprises is meant enterprises in which 4 or more workers are employed is gathered from the fact that the figure for 1928 in which

1925	5,000
1926	6,000
1927	7,500
1928	8,746
1929	11,000
1933	20,000
1934	29,000
1935	33,000

If handicrafts (or enterprises employing less than 4 wage-earners) are included, the number of workers employed will increase by about 20%. This will make the total number of workers in industry and handicrafts in 1935 about 40,000. Mr. Horowitz estimates the industrial wage-roll in Palestine at 30.6 per cent of the total wage-roll.¹⁷⁰ Accordingly, labor in industry plays an important role in the economic and social structure of the country. This role, however, is not the same in the two main elements of the labor population, the Arab and the Jewish. The Arab working class has been recruited chiefly from Arab peasantry, under the influence of capitalism, while the Jewish proletariat has been drawn mostly from the lower-middle classes of the towns of Europe by the process of immigration. This difference between the two elements of the Palestinian proletariat has had its effects upon wage rates, working conditions, labor organization, etc.

A. WAGE RATES.

Time-rate pay is the prevailing system in Palestine, although piece-work pay has become customary in a number of industries and trades, such as in the larger mechanical knitting and cardboard box factories and in the clothing, shoemaking, furniture, quarrying, stone dressing and building trades.¹⁷¹ Contract labor is popular among Jewish building laborers, and to a small extent among industrial laborers.

Wage rates of Jewish labor are determined chiefly by the different vocational divisions of the trade unions, and are set in schedules, which are accepted by employers either tacitly or expressly through wage agree-

the Government census was taken is given as 8,746, which represents the total number of workers in enterprises employing 4 or more wage-earners including contract laborers (see *Government Census of Industries, 1928*, p. 62).

170. D. Horowitz, "Palestine Economic Structure", *Palestine Review*, June 12, 1936.

171. *Report to the League of Nations, 1930*, p. 106.

ments The wage rates in these schedules are graduated according to skill and also according to whether it is male or female labor The principal factors which influence the wage rates of the union Jewish laborers are the minimum standard of living of the average worker, the competition of the unorganized laborers, the lack of specialized laborers and the fact that with the exception of the large concessionary companies Jewish industrial enterprises employ only Jewish labor

Arab wage rates, on the other hand, are determined for the most part by supply and demand, and vary with the locality This is because Arab labor is still mainly unorganized

TABLE XXVII

Prevailing Daily Rates of Wages Paid in Selected Manufacturing Industries to Arab and Jewish Labor, September, 1937¹⁷²
(In mills)

Occupation	Arab labor	Jewish labor	Increase of Jewish over Arab wage rates in %
Cabinet makers	150—400	300—600	63.6
Wood machinists	—	300—450	—
Locksmiths fitters	—	400—600	71.4
Semi skilled metal workers	150—200	200—400	84.5
Hand compositors	150—300	350—480	—
Cardboard box makers (women)	—	150—250	—
Knitters	—	300—450	433.3
Weavers	50—000	350—450	—
Finishers repairers (in knitting work, women)	—	150—325	—
Tobacco sorters men	70—105 ^a	—	233.3
women	35—70 ^a	160—190	—
Cigarette packers men	65—105 ^a	—	247.8
women	80—150 ^a	170—230	3.8
Soap makers and workers in oil mills	250—550	350—480	27.3
Tile makers	150—400	250—450	av 145.6

a In March

There is, therefore a considerable difference between the wage rates of Jewish labor and those of Arab labor The two wage scales in a number of selected industries in September, 1937 are given in Table XXVII, together with the proportion of increase of Jewish over Arab wage rates The average proportion of increase of Jewish wage rates in these

industries was 145 per cent. The great difference in some of the industries, such as the weaving industry, is due to a difference in the effectiveness of labor due mostly to a greater degree of mechanization. In the case of the weaving industry, for example, Arab workers use hand looms, while Jewish workers use modern power looms.

Nominal wages of Jewish industrial workers in Palestine compare favorably with those in some of the industrial countries of Europe, particularly those of skilled male workers,¹⁷³ but their income and real wages are not so favorable. The income of the average Jewish worker is reduced substantially by working only during a part of the week. It is estimated that 30 per cent of the daily Jewish laborers work full time, 20 per cent work 4 days a week, 20 per cent 3 days, 20 per cent 2 days and 10 per cent one day, with the result that about 60 per cent of Jewish laborers have an income under £P. 6 per month.¹⁷⁴ This comparatively low level of income is not compensated for by a low cost of living. Rents in Palestine are relatively high. The portion of the worker's income spent on rent is about 25 per cent, while elsewhere it is 10-15 per cent. Some of the necessities such as milk, butter, meat and potatoes are also more expensive in Palestine than in most of the European countries. This situation together with the fact that free or partly free social services,¹⁷⁵ common in industrial countries, are absent or deficient in Palestine make the standard of living of the Jewish worker less favorable.

Nominal wages of Arab labor are very low in comparison with European labor as well as with the Jewish labor in Palestine, although they rank favorably with nominal wages in the neighboring countries. This favorable position as compared with the surrounding countries is lowered considerably by the higher cost of living prevailing in Palestine. Free education in kindergartens and elementary schools and health services are rendered by the Government, but are far from being up to the European standards. No other free or partly free social services are open to the Arab laborer.

The movement of nominal and real wages, since 1931, in terms of index numbers, is shown in Table XXVIII. The picture of the move-

173. For a comparison between Jewish wage level in Palestine and wage levels in European countries, see Horowitz and Hinden, *op. cit.*, p. 195.

174. *Ibid.*, p. 197. This has probably been calculated for Palestine's working class as a whole; the part-time work in the manufacturing industries is probably less.

175. There is no free Jewish education rendered by the Government (although grants-in-aid are made to Jewish schools), and no unemployment insurance supported in part by the Government or the employer or both, although some social services are rendered by charitable bodies.

ment of real wages is not very reliable, being based upon general retail prices rather than the family budget of the average worker. The Government is considering a budget inquiry which, when undertaken, will enable the compilation of reliable index numbers of the cost of living of the worker and the determination of the trend of real wages in a more accurate manner. The index numbers of wages of Arab labor in seven manufacturing groups and building show that the level of nominal daily wages when compared with those of 1931, rose by over 10 per cent in 1934 and 1935 and fell to about the same position in 1937, while the level of real wages rose more or less correspondingly in 1934 and 1935 and then fell, until in September, 1937, it was about 90 per cent of the level in 1931. The nominal wage level of the Jewish labor in the same industries rose by a little over 10 per cent in 1933, by 35 per cent in 1934, and slowed down to 120 per cent of the level in 1931. The real wage level rose more or less in correspondence with the rise in nominal wages until 1936 when it began to lag behind, and in September, 1937, it was about 10 per cent more than the real wage level in 1931, but 10 per cent less than the corresponding nominal wage level. Accordingly, real wages of Arab labor, in September, 1937 fell by 10 per cent as compared with

TABLE XVIII

Index Numbers of Nominal and Real (rough) Daily Wage Rates of Arab and Jewish Labor, 1931-1937¹⁷⁶
(basis 1931 = 100)

Year	Weighted average of seven manufacturing groups and building		Retail prices (cost of living)	Movement of real wages	
	Arab	Jewish		Arab	Jewish
1931	100.0	100.0	100.0	100.0	100.0
1932	95.0	99.6	102.4	92.7	97.3
1933	97.3	110.5	99.1	98.2	111.5
1934	112.4	135.0	99.7	112.7	135.4
1935	110.3	131.1	99.0	111.4	132.4
1936	104.1	126.2	104.5	99.6	120.8
March 1937	103.0	123.4	} 109.6	94.0	112.6
Sep 1937	98.5	120.1		89.9	109.6

a. The seven manufacturing groups are woodworks metal works textiles, tobacco and cigarettes and oil and soap. The building works are included as no separate weighted average for the seven manufacturing groups is available.
176 Taken from *Statistical Abstract of Palestine 1937-38* pp. 99 and 106

wages in 1931, while real wages of Jewish labor increased by 10 per cent. Probably the main explanation for this difference is that Jewish labor is well organized, while Arab labor is not.

Actual earnings in 1936 and 1937 decreased more than is shown by the index numbers of the daily wage rates, because of periods of unemployment and reduced hours of work. There is no reliable information regarding the changes in the volume of unemployment and of reduced time of work in the manufacturing industries separately, but it is known that they were considerable in 1936 and 1937. Estimates of general unemployment are available, although in the case of unemployment of Arab workers they are not reliable.¹⁷⁷ At the end of 1936 the number of Jewish workers wholly unemployed or employed only casually and the number in part-time employment were estimated at 8,000-9,000 and 5,000-6,000 respectively.¹⁷⁸ The number of workers in part-time employment relates chiefly to manufacturing industry. After converting the part-time workers into full "units", the total number of unemployed "units" was nearly 13 per cent of the total number of Jewish workers, as compared with 8 per cent during 1936. The number of Arab workers unemployed in seven selected towns, on December 31, 1937, was estimated at 21,000, and of Jewish laborers (combining whole and part-time workers) at 12,000.¹⁷⁹

B. WORKING CONDITIONS AND LABOR LEGISLATION.

1. Working conditions and terms. The conditions and terms of work in Palestine are still below the standard of advanced countries, although, in the case of Jewish labor, they have improved considerably in recent years, owing chiefly to the growing effectiveness of Jewish labor organization. As has been stated above, the wages of the Jewish laborers are, for the most part, standardized by schedules made by labor unions and accepted by the employers either tacitly or by agreement. The prevailing number of hours of work per day in the Jewish industrial establishments is eight, and the number of working days in the week is six. Accident insurance is customarily provided for the Jewish workers

177. The collection of reliable statistics of unemployment has been found very difficult, because of the absence of labor exchanges or similar institutions with attractions for the registration of unemployed laborers, although in the case of Jewish unemployment, it has been less difficult, as the majority of Jewish laborers are members of trade unions. In view of the above difficulty and the political disturbances, the Government statistician decided to institute a system for the collection of employment statistics (rather than unemployment statistics) among the chief employment departments, the chief municipalities, and the large manufacturing establishments. The system was started at the beginning of 1938.

178. *Report to the League of Nations*, 1937, p. 126.

179. *Palestine Gazette*, No. 767, 1938.

by their employers. The Jewish laborers are, in most cases, members of the Sick Fund organized by the General Federation of Jewish Labor, the Histadruth, which fund is supported to some extent by employers.

They have annual leave with pay. Unemployed workers are supported to a certain extent by the Unemployment Fund of the General Federation of Jewish Labor, which is derived mainly from contributions by members of that organization.¹⁸⁰ The net income of this fund is said to have reached £P 104,822 at the end of 1936 and £P 137,640 at the end of November 1937. Adequate sanitary conditions prevail in most of the Jewish factories and workshops, particularly the new establishments. The new buildings for industry are specially designed for industrial use and are located in much less crowded areas where more space and air can be given to the workers.

The conditions of the Arab laborers, on the other hand, are very much less satisfactory. Their wages are governed merely by supply and demand factors. Their daily hours of work vary from eight to ten. Accident insurance is not provided for them, and they have no funds for sickness or unemployment. Generally speaking, the old industrial premises are poorly equipped with ventilation and sanitary facilities.

2. Labor legislation. Labor legislation in Palestine is in the process of formation. The regulations in force (1937) are still inadequate, but additional legislative measures are under consideration. The following is the principal legislation regarding industrial labor in force in 1937—the Workmen's Compensation Ordinances of 1927, the Industrial Employment of Women and Children Ordinance and Regulations of 1927, the Prevention of Intimidation Ordinance of 1927, the Fencing of Machinery Ordinance of 1927, the Steam Boilers Ordinance of 1926, and the Regulation of Trades and Industries Ordinance of 1927.

The Workmen's Compensation Ordinances of 1927¹⁸¹ provide protection for manual laborers engaged in specified industries if their wages do not exceed £P 350 per annum, and they are personally injured in the course of their work through no fault of their own. In the case of fatal accident the worker is entitled to a compensation of three years' wages, the minimum being £P 100 and the maximum £P 250. In case of total or partial disability for work the compensation does not exceed half the weekly wages. So far as the extractive and manufacturing industries are

¹⁸⁰ *Report to the League of Nations* 1937 p. 126. Only a small part of the fund is allotted for direct financial help to unemployed workers; as the chief aim of the Fund is to provide more sources of employment.

¹⁸¹ *Workmen's Compensation Ordinances 1927* (Jerusalem: Tarbut Publishing Co. Ltd. 1929).

concerned, these compensation ordinances apply to : blasting, excavation, quarrying, boring and mining: manufacturing industries in which mechanically driven machinery is used; and the generation and distributing of electricity.

The Industrial Employment of Women and Children Ordinance and Regulations, 1927, prohibits female and child labor¹⁸² in dangerous industries, and forbids child labor under twelve years of age entirely. It also limits the number of hours of work per day to eight for children below the age of sixteen, of which not more than five can be consecutive, and prohibits employment of such children from 7 p.m. to 6 a.m. and women from 10 p.m. to 5 a.m.

The Prevention of Intimidation Ordinance, 1927, prohibits intimidation. Although strikes are permitted, interference with laborers, who are willing to work in spite of the strike, is forbidden.

The Fencing of Machinery Ordinance of 1927 requires fencing of dangerous machinery and provides for the inspection of industrial establishments to insure the observance of the law.

The Steam Boilers Ordinance, 1926, provides for the inspection of steam boilers and prime movers.

The Regulation of Trades and Industries Ordinance, 1927, provides for the regulation of control of certain dangerous or unpleasant industries and trades, in the interest of the health and safety of laborers.

Inspection of factories to insure the observance of the different ordinances is administered by the departments concerned as follows :—the Industrial Employment of Women and Children Ordinance, by the Government Welfare Inspector (who is also a secretary of the Labor Legislation Committee) and her assistants and by District Officers of the District Administration; the Fencing of Machinery Ordinance and the Steam Boilers Ordinance, by the Department of Public Works; the Regulation of Trades and Industries Ordinance, by the Departments of Public Works and Police, and by the Municipalities in municipal areas.

Three ordinances were published as bills in 1935 and 1936, and are still (1937) under consideration.¹⁸³ These are the Masters and Servants Ordinance, the amended Employment of Women and Children Ordinance and the amended Workmen's Compensation Ordinance. The first bill empowers the High Commissioner, where he deems fit, to fix, by order, a minimum wage, and to appoint advisory boards to investigate and

182. Child labor in the factories of Palestine is considered to present no serious problem. *Report to the League of Nations*, 1936, p. 143.

183. *Report to the League of Nations*, 1937, p. 131.

advise upon questions that may arise out of employment and upon the conditions and terms of employment.¹⁸⁴ The second bill amends the previous *Employment of Women and Children Ordinance* in the following way.¹⁸⁵ The minimum age for children employed in industrial undertakings is raised to fourteen years and the maximum number of hours of work per day in all undertakings is reduced to seven (continuous work not to exceed four hours and with a period of rest of not less than one hour) and a day's rest in every seven is prescribed for women and children employed in any undertaking. Several industries are added to the list of dangerous trades. The third bill re-enacts, with a number of amendments the provisions of the *Workmen's Compensation Ordinance* which it replaces.¹⁸⁶ The chief amendments which relate to compensation of workmen employed in manufacturing industries are — the payment of compensation in the case of death or permanent incapacity resulting from injury even though it was attributable to the wilful misconduct of the laborers; compensation in the case of certain special industrial diseases; and raising of weekly payment in case of incapacity from 50 per cent to two thirds of the average weekly earnings and the maximum weekly payment from £P 1 to £P 1 500, and limiting weekly payments during the incapacity to a period not exceeding five years.

No steps have been taken by the Government to introduce compulsory labor unemployment or health insurance on the ground that the present stage of social development in Palestine does not make such compulsory insurance desirable.

C LABOR ORGANIZATION

Organization of labor is a post War development. It started with the Jewish section of the labor market and extended to the Arab section in some cases under the influence of Jewish labor organization. Jewish labor associations have been organized on trade union lines with subordinate unions for various trades, and while associations of Arab labor have been more or less so organized their activities and strength have been much less marked. The strong trade union movement of Jewish labor has been brought about partly by the desire to create a new social order based on collective lines and partly to fight adverse natural

184 *Ibid* 1936 p 143

185 *Ibid* 1934 p 108 and 1935 p 123

186 *Ibid* 1936 pp 140 141

"In general, the members of the Histadruth are organized within purely local trade unions. There are three national trade unions—the Agricultural Workers Union, the Union of Railwaymen and Posts and Telegraph Workers, and the Office Workers' Union—and innumerable other unions catering to local groups of workers, e.g. for builders, woodworkers, metal workers, electricians, building material workers, weavers, needle workers, leather workers, printers, bakers, domestic servants, engineers and technicians, artists, doctors, transport workers, and various classes of factory workers, etc."¹⁹¹

Economic and social activities of the Histadruth are performed by the following main organizations—the Workers' Bank, which was established at the end of 1921 with the aid of a loan made by the Zionist Organization¹⁹² the 'Nir' Company, the Histadruth's financial organ for granting long term loans to agricultural settlers,¹⁹³ the "Tnuva" cooperative society, which markets the produce of all agricultural centers connected with the Histadruth¹⁹⁴ the "Hamashbir Hamerkazi", the center for the consumers' cooperatives of the Jewish workers in Palestine¹⁹⁵ the "Merkaz Hacooperaziah", the center for transport and industrial producers' cooperatives, the "Shukun", through which workers' housing is planned and executed, the Credit Cooperatives, which take the form of workers' loan and savings funds,¹⁹⁶ the "Sollei Boneh", which centralizes the cooperative contracting institutions of the Histadruth, together, the largest building contractor in the country, the "Yakhin", which undertakes, on a contracting basis, the plantation and management of citrus groves, the "Kupat Holim", which is the health insurance institution of the Histadruth, the "Hassneh", which deals with various branches of insurance and the Unemployment Fund, which was established by the Histadruth to provide assistance for unemployed member workers. These economic and social institutions are centralized in one institution, the "Hevrath Ovdim" (General Cooperative Association of Jewish Labor in Palestine).

The cultural and educational activities of the Histadruth are undertaken by the 'Merkaz Lechinueh', which conducts the school system of

¹⁹¹ From "Notes on the Histadruth"

¹⁹² The capital of the Bank at the end of 1935 was £P 100,000 and the deposits in September, 1936 amounted to £P 400,000

¹⁹³ Its registered capital is £P 215,000 of which £P 175,000 is paid up

¹⁹⁴ The turnover of the Tnuva in 1935 amounted to about £P 500,000

¹⁹⁵ The turnover of the Hamashbir Hamerkazi in 1935 amounted to about £P 750,000

¹⁹⁶ The capital of these funds amounts to about £P 70,000 and the deposits to £P 750,000

the Federation; the "Merkaz Letarbuth", which is the cultural organization of the Federation for the adult laborers; the "Davar", the daily paper of the Federation; the "Ohlel", the workers' theatre; and the "Hapoel", the workers' sport organization.

Arab labor organization, as compared with Jewish, is still at an early stage of development. A number of Arab labor unions have been formed, but few of them have been active. Some of the Arab labor unions include not only wage-earners but also independent artisans. A Federation of Arab Labor established by the Congress of Arab Labor in 1930 has not expanded into a national organization as was contemplated by the Congress. The work of the active Arab trade unions has been directed mainly to the increase of wages and reduction of hours of work.

Mixed Arab-Jewish unions were formed, notably the Union of Railway, Posts, and Telegraph workers and the "Petroleum Workers Union" at Haifa, but these practically ceased to function because of the strained interracial relations of 1936 and 1937.

D. INDUSTRIAL RELATIONS.

Disputes between laborers and employers in industry have been quite frequent, involving in most cases stoppage of work. Most of these disputes have been of an economic nature, although a large number have arisen out of employment of Arabs in Jewish undertakings. The disputes of an economic nature included disputes over wages and conditions of work, employment of non-union labor, discharge of workers and irregular payment of wages.

The most common methods of settling disputes have been collective agreements between employers and laborers and arbitration. The British Government's Report to the League of Nations of 1933 gives the points of the agreements usually demanded by the Jewish labor organizations and for the most part granted by the employers as follows:¹⁹⁷ "(a) an eight-hour working day; (b) standard rates of wages; (c) recognition of the Union as the representative of the employees; (d) recruitment of labor through the labor exchange office of the Union (in some cases through special committees appointed for this purpose); (e) reference to the Union in the case of dismissal of workers; (f) annual leave with pay; (g) insurance against accidents; and (h) contribution of a certain percentage of the payroll to the Workers' Sick Fund or to similar institutions. One item often included in collective agreements was an obligatory arbitration clause in case of dispute". In a few cases, collective agreements

197. *Report to the League of Nations, 1933*, p. 98.

contained prohibition of the employment of children and sanitary regulations and conditions regarding the working of young apprentices

Table XXIX gives the number of strikes and lockouts which occurred in the manufacturing industries and handicrafts during the period 1931-1937

TABLE XXIX

Strikes and Lockouts in Manufacturing Industries and Handicrafts, 1931-1937¹⁹⁸

Year	Number of strikes and lockouts		Number of workers involved		Number of working days lost	
	Arab labor	Jewish labor	Arab labor	Jewish labor	Arab labor	Jewish labor
1931	—	13	—	462	—	4 564
1932	6	18	282	322	2 762	4 642
1933	4	23	596	493	3 833	5 529
1934	—	18	—	477	—	10 824
1935	7	16	828	519	8 178	5 706
1936	1	5	400	60	9 500	622
1937	3	13	483	384	9 478	3 808

E MANUAL TRAINING AND TECHNICAL EDUCATION

Manual training and technical education are rendered by Government schools Jewish public schools and private schools Manual training afforded by the Government is given as part of the general curriculum, and more vocational training is given in trade sections added to Government schools in several special centers and recently in the new Government Trade School for Arabs at Haifa The trade sections are specialized in one or more particular trades suitable for the district in which the school is located. The field of technical education includes carpentry, modelling, plumbing weaving basket making etc The new school established by the Government was opened in October 1937 with fifty students Of these forty were selected from the higher elementary classes to form a first year class in general carpentry and mechanics prior to specialization and the remaining ten were selected from the Secondary Class of technical sections of Jaffa and Nazareth to be trained in drawing and manual work in preparation for teaching in general schools¹⁹⁹ The

¹⁹⁸ Taken from *Statistical Abstract of Palestine* 1937-1938, pp. 100-101

¹⁹⁹ *Report to the League of Nations* 1937, p. 153

Jewish system of public education has several trade schools, the most important of which is the Hebrew Technical Institute, Haifa, which gives training in civil engineering, architecture and mechanic-electrical engineering. A trade school and a technical secondary school are attached to the institute. Annual grants-in-aid are made by the Government in support of the Jewish system of public education (including technical education) for recurrent expenditure, and special grants are made for non-recurrent expenditure on buildings and equipment.²⁰⁰ In 1937 there were five private schools of which four were Arab and one Jewish. Table XXX gives a list of the technical schools and institutions together with the number of pupils they had in 1937.

TABLE XXX

Technical Schools and Institutions in Palestine and their Enrollment in 1937²⁰¹

Schools and Institutions	Pupils		
	Boys	Girls	Total
Arab Public System :			
Government Trade School for Arabs, Haifa ^a	50	—	50
Moslem Schools :			
Moslem Orphanage, Jerusalem ^a	236	45	281
Christian Schools :			
Syrian Orphanage, Jerusalem (Trade Section) ^a	54	7	61
Salesian School, Bethlehem ^a	112	—	112
Ratisbonne School, Jerusalem	205	—	205
Hebrew Public System :			
New Bezalel School of Arts and Crafts, Jerusalem	11	12	23
Rebecca Somekh Trade School for Girls, Jerusalem	—	46	46
Max Pine Trade School, Tel Aviv	84	—	84
Mizrabi Trade School, Tel Aviv	19	—	19
Trade School for Yementine Girls, Shekhunat, Marmorek	—	84	84
Hebrew Technical Institute, Haifa			
Trade School	122	—	122
Vocation High School	59	21	80
Engineering College	399	21	420
Ludwig Tietz Trade School, Yajur ^a	65	—	65
Jewish Private :			
Belilios Trade School, Jerusalem	20	—	20
Total	1,436	236	1,672

a. Includes a boarding section.

200. The distribution of educational benefits between Jews and Arabs is based on the ratio of Jews to Arabs in the school age population.

201. Taken from *Report to the League of Nations*, pp 153-154.

V Problems Confronting Palestine's Industry

The prospects of further development in the industry of Palestine will depend upon the extent to which the problems now confronting industrial activity are solved. Chief among these problems are (a) limited market, (b) keen internal and foreign competition, (c) considerable dependence of a large portion of Palestine's industry upon building activity and citrus plantation, (d) weakness of financial structure, and (e) the strained political relations between Arabs and Jews.

Palestine's industry is handicapped by a limited market both internal and outside. The very small size of the country and the relatively small income of the population as a whole make it impossible to produce on a large scale and therefore to benefit from decreasing costs. Generally speaking, only those products can be manufactured in Palestine which can be economically produced on a small scale. Largely as a result of a small local market, Palestine's industry cannot compete in foreign markets with mass production of highly industrialized countries. Statistics show that only a very small proportion of industrial production is exported. Out of a total output of about £P 10,000,000 in 1935, £P 478,800 or about 4.8 per cent was exported. Besides, it should be noted that about one-fourth of the export of industrial products represents products of the extractive industry of the Palestine Potash Company. Exports may be increased to some extent by trade agreements obtaining reciprocal advantages from foreigners, but this is not possible under the principle of the open door to the mandated markets laid down by Article 18 of the Mandate.

Palestine's industry suffers also from both internal and foreign competition. Internal competition is particularly keen, due to excessive duplication in industry. This is engendered partly by improper planning and guidance in the establishment of new enterprises, and partly by the large inflow of capital and the relatively limited possibilities for investment. Most of the new industrial undertakings have been established by immigrant Jewish industrialists, who, in most cases, opened the same kind of factories which they had operated in their countries of origin, not infrequently without sufficient regard to whether or not there was room for such factories. Besides, with a large inflow of capital and a relatively narrow field for investment, every occasion for profitable investment is seized upon by more than one entrepreneur.²⁰ The intense internal competition resulting from excessive duplication in industry has

led in some cases to a drop in prices below cost of production. In 1936 a number of factories reduced their production to a fraction of capacity, and several failed. In order to reduce competition between existing factories, resort was made by a number of competitors to price agreements and production quotas, but in most cases these did not last, and cut-throat competition was resumed. As regards the unguided establishment of new undertakings, more adequate advice is now given to prospective industrialists by economic institutions, such as the Industrial Department of the Jewish Agency, the Manufacturers' Association and the American Economic Committee for Palestine.

The damage to industry from internal competition is aggravated by severe foreign competition. Foreign competition has always been intense, but more specially during the period of the last depression. Two factors have been chiefly responsible for this situation. In the first place, the cost of industrial production is, generally speaking, higher in Palestine than in the industrial countries of Europe. About two thirds of the raw materials and semi-manufactured goods used in local industries are imported,²⁰³ and have, therefore, to pay freight, insurance and other charges. Besides, Jewish wage rates in Palestine are higher than they are in a number of competing countries. Furthermore, the scale of production in Palestine is very small as compared with mass production of industrial countries. The second principal cause of competition in recent years has been the world depression. For some years many foreign industries have engaged in dumping to relieve themselves of over-supplies or to maintain overhead charges by not reducing turnover; and a number of governments have resorted to the payment of export bounties for supporting the labor market in order to lessen their expenditure on doles or other relief work. For most of the countries engaged in dumping, Palestine is an open market, since, according to Article 18 of the Mandate, it may not establish discriminatory tariffs against members of the League of Nations. In the case of some of these countries, the ratio of Palestine's imports to exports is exceedingly high.

Measures have been taken to lessen the keenness of competition by protective tariff and exemption of machinery and raw materials. As has already been stated,²⁰⁴ the average tariff wall on dutiable imports in 1936 was 28.7 per cent. In spite of these measures, however, "few, if any, of the protected industries can at present (1936) compete with imported

203. Eliahu Wegrin, "Jewish Industry in Palestine", *Palnews*, 1936, p. 217.

204. See p. 227.

articles as regards price and quality.²⁰⁵ Jewish organizations and economists demand greater protection, but this is opposed by Arab nationals on the ground that the demanded protection would mean a material rise in the prices of necessities.

The third problem, namely the considerable dependence of a large number of branches of Palestine's industry on the building movement and the development of citrus plantations, has already been discussed in connection with the reasons advanced for the decline in industrial activity in 1936 and 1937.²⁰⁶ It has been stated that about one third of Palestine's industry depends upon building activities, and that about 10 per cent depends upon new citrus plantations. These industries are mostly Jewish, the greater number of which have been established during the period of large Jewish immigration (1933 to 1935), in response to the large demands for building materials and supplies for citriculture. With the great depression in the building activity and the almost complete cessation of new citrus plantations since 1935, these industries have been facing a serious reduction in the demand for their products.

The weakness of financial structure is another defect of Palestine's industry. Taking the Jewish industry as a whole, the capital activity is very slow, the proportion of capital to turnover being about 1:1.²⁰⁷ This means high overhead charges and consequently, low profits and low competitive power. For the already old-established industries, such low capital activity constitutes a serious weakness which requires repair. Furthermore, some industries are overcapitalized, while others are undercapitalized.²⁰⁸ In the case of some of the undercapitalized industries, resort has been made to costly credits with the result that profits have been reduced, or losses sustained, by high interest payments. Measures have been taken by a number of public Jewish institutions to help provide industrial credit at reasonable cost.²⁰⁹ These measures succeeded so far as providing adequate short-term capital, but the availability of medium and long-term credits is still inadequate, particularly the supply of long-term credit. Free capital is abundant in the country, but, so far as capital for investment purposes is concerned, it needs a proper banking mechanism for its collection and distribution.

The last of the main problems, namely the strained political relations

205 *Palestine Royal Commission Report* p. 209.

206 See p. 246.

207 See Table VII.

208 See pp. 246-247.

209 Horowitz and Hinden *op cit.* p. 103.

between Arabs and Jews, which occasionally finds expression in violent disorder, is increasingly becoming an important impediment to industrial development. "Capital cannot be reproductive in a disordered state." Unless the political problem is solved, and solved in a way that will bring about peaceful and friendly relations between Arabs and Jews, the industry of Palestine will not only not grow, but may also suffer a serious setback. The effect on Jewish industry, in particular, will probably be serious, especially if boycotting of Jewish products in the neighboring Arab countries assumes greater importance.

CHAPTER VI
TRANSPORTATION AND COMMUNICATION
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CHAPTER VI

TRANSPORTATION AND COMMUNICATION

I. Trails and Animal Transport

While Palestine has recently witnessed marked progress in the development of modern means of transport, like many other Near-Eastern countries, it still combines the old and the new. Camels, horses, mules and donkeys, which were the only means of transport until the latter part of the nineteenth century, are still used today. Well-beaten tracks were the main arteries of communication which connected the various Palestinian cities and served the needs of inland commerce. The more important of these trails ran westward to the Mediterranean and were useful in facilitating the country's transit and foreign trade. Camel caravans carried to the inland cities, and also to the vast outlying hinterland, the foreign wares delivered at the Palestinian ports. Goods intended for export also found their way to the coast through the same means. Connections with Asia Minor, Iraq and Iran were made through trans-desert caravan routes *via* Damascus.

In the interior of the country animal transport is still in use at present, although to a continually decreasing extent. The animals in common use are the mules, donkeys, and camels. Donkeys and mules are used for transport of goods and people, while camels are used almost exclusively for the transport of goods.

Horse-drawn carts were introduced into Palestine in the last quarter of the nineteenth century. They never acquired much popularity or importance except for passenger traffic. For the purpose of carrying goods they were more expensive and less convenient than camels, especially for long-distance travel. They are still used, although not extensively, in some parts of the country.

It is very difficult to give any accurate estimate of the extent of animal transport in Palestine, but it is certain that it is on the decline. The continued and rapid increase in modern means of transport will further accelerate this tendency.

II Roads

A. PROGRESS IN ROAD CONSTRUCTION

Metalled roads were first built in Palestine towards the end of the last century. Before 1896 Jerusalem was connected with Jaffa, Jericho, 'Ein Karim and Hebron by means of metalled carriage roads.¹ Another road connected Jaffa with Nablus. Road construction, however, proceeded very slowly and the quality of the roads was rather poor. As no adequate provision was made for maintenance, the roads usually fell into a state of disrepair within a short space of time.

The exigencies of the War and the consequent heavy military traffic made it imperative for the Turks to improve and extend the road system of Palestine. For similar reasons the British Military Authorities further carried on the work of improvement. As a result of these efforts, Palestine possessed by 1921 a road system consisting of 450 kilometers of metalled roads suitable for traffic throughout the year while, before the War, there had not been a single first-class road in the country.² In addition there were a number of unmetalled roads, suitable for traffic during dry season only. Most of the roads constructed during this early period, however, were built for strategic rather than for economic considerations. Nevertheless they formed a valuable network which helped the economic development of the country.

From 1921 on, the Palestine Government maintained the policy of extending and improving the network of roads in the country. The total kilometrage of metalled roads, which was 450 kilometers in 1921, rose to 1247 kilometers in 1936. This represents an increase of 177 per cent or an average annual construction of 50 kilometers, over a period of 15 years. The network was materially extended in 1937, when a number of new roads were constructed on grounds of public security.³ Table I shows the total length of metalled roads at the end of the year for the sixteen year period, 1921-1936.

Progress was also made in extending and improving the network of natural, i.e., dry weather, tracks. Their aggregate length rose from 890

¹ Vital Cunct *Syrie Liban et Palestine* (Paris, 1896), p. 603.

² Great Britain *Report by His Majesty's Government to the Council of the League of Nations on the Administration of Palestine and Trans-Jordan 1933* (London 1934) pp. 226-227. Henceforth this publication will be referred to as *Report to the League of Nations*.

³ Palestine Office of Statistics, *Statistical Abstract of Palestine, 1937-38* (Jerusalem, 1938), Table 99 p. 97.

TABLE I

Total Length of Metalled Roads at the End of the Year for the Years
1921-1936^{3a}

Year	Kilometers
1921	450
1922	450
1923	570
1924	580
1925	600
1926	631
1927	655
1928	706
1929	716
1930	912
1931	922
1932	951
1933	1,015
1934	1,057
1935	1,207
1936	1,247

kilometers in 1929 to 1,573 kilometers in 1933 and to 1,835 kilometers in 1936.⁴

The extension of the road system has had its beneficial results in fostering internal trade as well as in providing the inland agricultural and industrial centers with easy access to the sea to facilitate imports and exports. This is partly evidenced by the rapidly increasing number of cars and lorries that use the roads.⁵

Although road construction has been going on at the fairly rapid rate that has just been indicated, Palestine is still among the countries with a very low kilometrage of roads. With a land area of 26,319 square kilometers⁶, the average length of roads open for traffic at all seasons was in 1936 only 4.74 kilometers per 100 square kilometers of area. If the

3a. *Report to the League of Nations*, 1937, p. 279.

4. Compiled from *Palestine Blue Book*, 1929, p. 364; 1933, pp. 334-35; figure for 1936 was privately secured.

5. See Table IX.

6. See p. 43.

dry weather tracks should be included, the average would rise to 11.71 kilometers. Comparative figures for Holland, Belgium and Denmark—none of them very much larger in area than Palestine—are 186, 141, and 119 kilometers respectively per 100 square kilometers.⁷

B ADMINISTRATION AND POLICY

Since 1926 the planning of roads has been in the hands of an Advisory Road Board whose functions consist of drawing up programs for the construction, maintenance and improvement of roads in Palestine. The Board also helps to formulate policy and advises the Government on all proposals for new roads.⁸

In 1928 the Road Board drew up a comprehensive program of road construction and improvement, which was intended to be a guide as to how funds could be best expended if, when and as they became available.⁹ The program was approved by the Government and was gradually carried into execution though with some minor modifications suggested by later developments in the country. A new three year program was prepared in 1933.¹⁰

In the drawing up of programs of road construction and improvement the Road Board takes into consideration the immediate future needs and development of the country, the relation of roads to railways, public security, etc. The lengths of the projected roads, their approximate costs of construction or conversion to a higher class, and the annual costs of maintenance are also given due consideration.¹¹

While considerations such as those just enumerated must be given proper weight in formulating a road construction policy, it is felt that in Palestine the Administration is unduly hampering legitimate road construction and maintenance in its effort to safeguard the interests of the Railways (which are state-owned) against the ever-growing competition of motor traffic.

Heavy taxation of the motor transport industry, unduly restrictive traffic regulations, and reluctance and delay in carrying out necessary

⁷ S. Ettingen 'Roads in Palestine' *Palestine and Near East Economic Magazine* Tel Aviv Nos. 23-24 1928 p. 605. The comparison may not be quite correct because of the discrepancy in time though it is not likely that great differences should occur within such a short period as seven or eight years.

⁸ *Report to the League of Nations* 1926 p. 53.

⁹ Palestine Public Works Department *Administration Report* 1928 Appendix 10 p. XII details of the Program are given on pp. XV and XVI.

¹⁰ *Report to the League of Nations* 1933 pp. 229-230.

¹¹ Public Works Department *Administration Report*, 1928 Appendix 10 p. XI.

maintenance and road-building projects are among the means that the Government is said to have resorted to in its attempts to help the Railways. In this connection the following quotation from the Report of the Board of Inquiry into the Motor Transport Industry of Palestine, appointed by the High Commissioner to study the problem of motor traffic, is of particular interest: "The condition of many of the arterial roads, and the absence of others which necessitates motor vehicles going over rough, stony, or deep sand tracks, adds materially to running costs, particularly in respect of heavy items such as depreciation, repairs and replacements. It is admitted that much has been done to improve existing roads and to open new roads but notwithstanding it is felt that, among other reasons, the policy to secure the Railways from motor transport competition has been responsible for the delay in the completion of the Haifa-Acre road so necessary for communication between Palestine and Syria, and the Jaffa-Haifa road so important, in view of its agricultural potentialities, for the development of perhaps the most promising tract of land in Palestine."¹²

This quotation, from the report of a Government-appointed commission, gives substantial validity to the charges previously mentioned. One wonders, however, whether this policy of hampering the growth of motor traffic can be justified, even on financial grounds. The gain that may accrue to the Government through increased railway receipts will be counterbalanced by the loss of customs revenue on automobile and fuel-oil imports as well as on licence fees. This is to say nothing of the indirect losses, to the Government and the country, from the decreased economic activity which results from such a policy of suppression.

C. THE CHIEF ALL-WEATHER ROADS.

The Road Board classified all roads in Palestine into two categories: category A, which includes roads open for traffic during all seasons without any interruption, and category B, which includes roads that are not necessarily kept open for traffic throughout the year.¹³ Grade A roads are further classified into first- and second-class roads, the distinction being made on the basis of the tonnage carried on the road and on economy of maintenance.

12. *The Palestine Gazette*, Supplement No. 15 of November 19th, 1931, p. 879. Since then, the Haifa-Acre road and the Haifa-Jaffa road were completed, the first in 1933 and the second in September, 1937.

13. Public Works Department, *Administration Report*, 1928, Appendix 10, pp. XII-XIII.

The more important all weather roads in Palestine are ¹⁴	
	Kms
Jerusalem—Bethlehem—Hebron—Beersheba	87 5
Jerusalem—Nablus—Nazareth	141
Nazareth—Tiberias—Rosh Pinna—Metulla	
(On the northern frontier)	96
Ras en Naqura—Acre—Haifa	41 5
Haifa—Jaffa	78 3
Beit Dajan—Rehovot—Gaza	75
Jaffa—Jerusalem	63
Haifa—Nazareth	37 5
Acre—Safad	54
Jerusalem—Jericho—Allenby Bridge	46 5
(On the Trans Jordan frontier)	

The first three of these roads form a longitudinal trunk line running from Metulla near the northern frontier, to Jerusalem and then southwards to Beersheba. A 75 kilometer dry weather track from Beersheba completes the line to Ajja el Hafir near the southern frontier. The line runs almost parallel to the sea the distance from the coast varying between 35 and 55 kilometers. It serves as a main artery for road transport and connects the more important inland centers. At several junctions, connections are made with the coastal towns and also with the adjoining territories of Syria and Trans Jordan.

The Ras en Naqura—Acre—Haifa road runs along the seashore. It is an important thoroughfare inasmuch as it links Lebanon with the Palestine road system. For reasons previously mentioned, the continuation of this road southwards to Jaffa, traversing the rich coastal plains, was delayed considerably. The Haifa—Jaffa section of the road was opened for traffic on September 30, 1937.¹⁵ The Beit Dajan—Rehovot—Gaza road branches off the Jaffa—Jerusalem road at Beit Dajan and crosses Rishon le Tsion, Rehovot, and Masmya terminating at Gaza.

The Jaffa Jerusalem, Haifa Nazareth and Acre Safad roads are three lines which run in a general west to east direction. They connect the three ports with the inland centers and also with the main longitudinal trunk line.

¹⁴ *Ibid* 1935-36 Appendix 9 pp 45-46. The kilometrage for the Haifa Jaffa road was secured from *Blue Book* 1936 p 334. The figures given include length of municipal arterial roads.

¹⁵ *Report to the League of Nations* 1937 p 280.

The Jaffa-Jerusalem road is perhaps the oldest metalled road in Palestine. It has always been an extremely important thoroughfare and at present it carries very heavy traffic, especially at the Jaffa end. The industrial and agricultural development of the region traversed by this road adds further to its economic significance.

The Acre-Safad road, which had been a dry-weather track, was converted in 1930 into an all-weather metalled road. Although originally converted in the interest of public security¹⁶, it is likely also to serve economic ends as it joins, at Safad, with a metalled road leading to Damascus. The distance from Haifa to Safad by the new road is 71 kilometers, compared with 106 kilometers by the alternative route through Nazareth and Tiberias.

What might virtually be considered as an extension of the Jaffa-Jerusalem road is the road that starts from Jerusalem and runs eastwards through Jericho to Allenby Bridge on the Trans-Jordan frontier. From Allenby Bridge the road continues eastward to 'Ammân, the capital of Trans-Jordan. This road is of particular significance, as it is the only metalled road that connects Trans-Jordan with Palestine and the sea.

Apart from the main roads just mentioned, a considerable number of less important first- and second-class roads branch off the main trunk lines and connect the less important centers with the important ones, thus linking all parts of the country through a network of metalled roads.¹⁷

D. THE CHIEF DRY-WEATHER TRACKS AND VILLAGE ROADS.

Dry-weather tracks and village roads are also of considerable importance in the Palestine road system. Their total length reached 1,835 kilometers in 1936, almost 50 per cent more than the kilometrage of all-weather roads.

Among the more important dry-weather tracks are :¹⁸

Nâblus—Rafîdyâ—Azzûn—Qalqîlyâ	kms. 32
Haifa—Tûlkarm	72
Nâblus—Jîsr Dâmiyâ	40
Beisân—Samakh	29
Beisân—Jiftlik—'Ein Sultân	110
'Affûla—Shatta—Beisân	27
Jerusalem Hebron road—Beit Jibrîn—El Majdal	55

16. *Report to the League of Nations*, 1930, p. 188.

17. A detailed list of all roads in Palestine together with distances may be found in Public Works Department, *Administration Report*, 1935-36, pp. 45-46.

18. Compiled from *Palestine Blue Book*, 1935, pp. 367-370.

Beersheba—Gaza	44
Beersheba—Tall el Milh—Zuweira	45
Beersheba—Aslu—Aja-el Halir—Bir Burein— Frontier	90
Beersheba—el Imara—Khân Yunis	53

These unmetalled roads serve the needs of the sections of the country where traffic is not very heavy. Some of them are being gradually converted into metalled roads as the growth of traffic and government finances justify. As is shown elsewhere in this chapter,¹⁹ these roads have the great advantage of being very cheap to maintain in suitable running condition.

E. TYPE OF CONSTRUCTION OF METALLED ROADS

Until about 1925, most of the metalled roads constructed in Palestine were of the water bound macadam type. As the required kind of hard stone for foundation purposes was not easily procurable in many parts of the country, due to high transport charges, an inferior kind of limestone had been used. This type of road with proper maintenance, had served the purpose satisfactorily, and it had had the added advantage of being cheap to construct in comparison with other types of road.

The extraordinary increase in motor traffic²⁰, however, caused considerable damage to the water bound macadam surfaces. Consequently maintenance charges mounted heavily, and complete resurfacing became necessary every two or three years.²¹ This was due primarily to the fact that the roads constructed during this early period were inferior in construction and lacking in proper foundations.

Under the pressure of the new conditions the Department of Public Works began to use bitumen as binding material in all new roads. Also existing inadequate foundations were reconstructed with heavy stone soling and roads were made either semi-grouted or full grouted asphalt macadam, depending on the intensity of traffic.²² Although the initial construction costs became higher, the savings in maintenance expenditure made the cost really cheaper in the end.²³ The new type of road proved to be a decided improvement over the water bound macadam roads so that by 1929 the Government adopted the policy

¹⁹ See Table III.

²⁰ See Table IX.

²¹ S. Ettinger, *Roads in Palestine*, op. cit., p. 581.

²² Public Works Department, *Administration Report*, 1926-27, p. 4.

²³ *Ibid.*, April-December 1927, p. 4.

of asphaltting all roads when resurfacing is undertaken. Municipal Councils have also started to treat municipal roads with asphalt.²⁴ This policy has been pursued with success and the conditions of the surface of main roads in Palestine is now, in general, quite satisfactory.

In addition to extending the kilometrage and improving the surface of the roads, the efforts of the Public Works Department have also been directed towards various other improvements whose effect would be to make mechanical transport safe, speedy and comfortable. As summed up in the Report to the League of Nations²⁵, "the object of the Department has been :

- (a) To make all metalled surfaces on main roads at least five meters wide.
- (b) To lay properly constructed soling for foundations to metalled surface.
- (c) To provide rough curb stones on each side of the metalled surface to prevent spreading of the metal.
- (d) To provide properly shaped edges of earth formation on each side of the metalled surface for support to the traffic section and for emergency use of vehicles.
- (e) To deepen and enlarge roadside drains so as to keep foundations from becoming water-logged.
- (f) To extend, enlarge and improve culverts and bridges to permit of storm water discharge and widening of metalled surface.
- (g) To eliminate dangerous bends and steep gradients.
- (h) To protect all surfaces with asphalt as a means to lengthening the life of roads and removing the twin evils of dust and mud.

F. FINANCING OF ROAD CONSTRUCTION AND MAINTENANCE EXPENSES.

The financing of road construction and maintenance is provided from the appropriations allotted to the Government Department of Public Works. Construction is undertaken on contract basis, but in case the bids offered are higher than the estimates of the Department, then the work is usually carried out directly by the Department instead of by contract.²⁶

Village roads are oftentimes financed jointly by the Government and the villagers themselves. The villages supply voluntary free labor

24. *Report to the League of Nations*, 1929, p. 115.

25. *Ibid.*, 1933, pp. 227-28.

26. *Ibid.*, 1924, p. 31, and information privately secured.

while the Department of Public Works provides the administrative and technical assistance as well as tools culvert material and explosives.²⁷ In addition to voluntary labor so provided by the villages during the comparative idleness of off-season periods the Village Roads and Works Ordinance promulgated in 1927 empowers the District Commissioners to levy from each taxable male inhabitant of a village a sum not exceeding £P 1 000 per annum, or the equivalent thereof in working days, to be applied to village roads or other public works.²⁸ Village roads built with the cooperation of the villagers form a considerable length. They perform a very useful function in that they provide a link between the villages and main roads or railway stations thus connecting the farmers with urban markets.²⁹

In some cases roads have been built with funds provided by interested private organizations either in the form of a loan or as a part contribution towards the cost. In 1931 for example the Palestine Potash Limited advanced £P 5 000 towards the cost of construction of a first class asphalted road from the Jerusalem Jericho road to the Dead Sea the advance to be repaid from the royalties due under the Dead Sea concession.³⁰ Cases of financing of this sort however are not common.

Capital expenditure that is expenditure on construction and permanent improvements amounted to £P 1 613 893³¹ during the sixteen year period 1912 to 1936-37 and expenditure on maintenance for the same period amounted to £P 1 294 660.³² This represents an average annual expenditure of £P 100 868 for construction and £P 80 916 for maintenance. The figures for maintenance include the Government's contribution towards the cost of maintaining arterial roads situated within municipal areas.³³ Separate annual figures for construction and maintenance are given in Table II.

Expenditure for construction per road kilometer varies from district to district according to the availability of suitable stone. Main roads

²⁷ *Ibid*

²⁸ *The Palestine Gazette* 1917 p. 51

²⁹ *Report to the League of Nations* 1933 pp. 2-9

³⁰ *Ibid.*, 1931 p. 162

³¹ *Ibid* 1933 p. 28 and *Report by the Treasurer* 1933-34 to 1936-37 pp. 18-53

³² *Report to the League of Nations* 1933 p. 223 and *Report by the Treasurer* 1933-34 to 1936-37 pp. 101 143 195 and 171-173 respectively

³³ The contribution is not uniform for all cities as it varies according to the use made of the arterial roads by cars registered within the municipal area and by other cars. Revision of the rates of contribution is made every few years on the basis of a traffic census

built according to the standards set by the Public Works Department³⁴ require hard stone, which is not available except in a few localities. Roads constructed in the alluvial coastal plains, therefore, have to carry the additional charge of freight on stone transport, while these charges do not figure high in roads constructed in the areas where stone abounds.

TABLE II
Annual Expenditures for Construction and Maintenance of
Roads and Bridges

Year	Construction ³⁵ and permanent improvements	Maintenance ³⁶ of roads and bridges	Maintenance ³⁶ of arterial roads
1928	69,192	59,642	3,132
1929	48,042	59,566	2,677
1930	53,865	69,916	4,050
^a Jan. 1931—Mar. 31, 1932	40,848	99,099	3,993
1932—1933	36,117	87,920	3,974
1933—1934	72,696	90,897	2,921
1934—1935	100,891	120,077	2,839
1935—1936	210,640	123,062	3,377
1936—1937	233,708	139,967	2,260

a. For fifteen months.

Accordingly costs range from £P.1,500 to £P.2,500 per kilometer.³⁷ For the same reason, similar variations are found in the cost of resurfacing, that is, metalling, rolling and asphaltting. These costs range between £P. 500 and £P. 1,000 per kilometer.³⁸

Maintenance costs similarly vary. The average annual amount expended per kilometer is indicated in Table III.

Varying climatic conditions, topography, wage scales, standards of skill and efficiency and similar factors affect costs and make conclusions derived from comparing expenditures with those of other countries little

34. *Vide*, p. 311.

35. Figures for the first four periods secured from Public Works Department, *Administration Report*, for the corresponding periods, Appendix 3; for the next five periods secured from the *Report by the Treasurer*, for the corresponding years, pp. 14, 18, 53, 67, and 62 respectively.

36. Figures for the first four periods secured from Public Works Department, *Administration Report*, for the corresponding years, Appendix 2; for the next five periods secured from the *Report by the Treasurer*, for the corresponding years, pp. 64, 101, 143, 195 and 172-173 respectively.

37. *Report to the League of Nations*, 1933, p. 228.

38. *Ibid.*

TABLE III
Average Annual Expenditure for Maintenance
per Road Kilometer ³⁹

Year	Average for metalled roads £P	Average for unmetalled roads £P
1926—27	94 051	4 268
1928	85 000	3 000
1929	63 610	3 413
1930	60 975	8 319
*1931—32	92 337	9 697
1935—36	91 076	5 195

a For fifteen months.

more than guesswork. The opinion has been expressed, however, that maintenance charges are extraordinarily high ⁴⁰ This is not surprising in view of the extensive use of inferior soft stone which chips easily even when covered with bitumen binding material. Maintenance costs should decline, however, with the increasing use of basalt which is probably the best available type of stone for road construction.

G TRAFFIC ON ROADS

The volume of traffic carried on the roads shows a marked development. Motor traffic censuses were taken by the Public Works Department in 1926, 1930-31 and 1934-35. On the Jerusalem end of the Jerusalem-Jaffa road the average daily traffic, in round numbers, has increased from 600 tons in 1926 to 1,350 tons in 1930-31 and to 2,400 tons in 1934-35. From the Jaffa-Tel Aviv end, the tonnage handled was about 1,000, 3,350 and 6,750 tons respectively. On the Jerusalem-Nablus Nazareth road the average daily traffic, for the same period, was about 500, 1,300 and 2,250 tons around Jerusalem and 275, 275 and 750 tons around Nazareth. Similarly, on the Tel Aviv—Petah Tiqva—Ra'anana road the average daily traffic rose from about 950 tons in 1926 to 3,400 tons in 1930-31 and to 9,300 tons in 1934-35, on the Tel Aviv end. For the corresponding period, traffic around Haifa averaged about 500, 1,600

³⁹ Department of Public Works *Administration Report*, 1926-27, p. 4. 1928 p. 13. 1929 p. 9. 1930 p. 11. 1931-32 p. 17, 1935-36 p. 7. All the figures above do not include expenditure on arterial roads within municipal areas.

⁴⁰ S. Eitinger, C. E., 'Public Works in Palestine', *Palestine and Near East Economic Magazine*, November 15, 1929, p. 467.

and 2,800 tons daily.⁴¹ The rate of increase in traffic on other roads showed a more or less similar tendency. Later traffic figures are not available, but judging from the increase in the number of motor vehicles registered during 1935, 1936 and 1937,⁴² the volume must have increased appreciably during the last two years.

III. Railways

A. HISTORY.

Railway construction in Palestine started in the year 1888, when a French company obtained a concession to build a line to connect Jaffa, then the main port, with the inland city of Jerusalem.⁴³ The line is 86 kilometers long and was originally built on a meter gauge. During the War the Turkish Government assumed control of the line and converted it into 105 centimeter gauge "to serve as part of the projected extension southwards of the Hijaz Railway as a military track".⁴⁴ Subsequently the Egyptian Expeditionary Force converted the Lydda-Jerusalem section to standard gauge. The remaining section, from Jaffa to Lydda, was rebuilt later to the same gauge by the Palestine Government.⁴⁵ The rights of the French concessionary company were bought out by the Government and the price was agreed upon at an International Arbitration Tribunal at Paris.⁴⁶ The line is now owned and operated by the Palestine Railways Administration, a Government Department.

A second line was started in 1891, when the "Syria Ottoman Railway", financed by English capital, obtained a concession from the Turkish Government for the construction of a line from Acre to Damascus.⁴⁷ Work was begun in 1892 on a standard gauge line, but little progress was made, and the nine kilometers that had been completed fell into a state of disrepair.

In 1902 the Hijaz Railway Administration decided to construct a westward extension to connect the main Damascus-Madina line with Haifa. They bought out the Syria Ottoman Railway and built the Haifa-Dar'â line. Instead of the standard gauge started by the English company, the line was made of the 105 centimeter gauge, to make it

41. The figures were taken from chart in Appendix 6, Public Works Department, *Administration Report*, 1935-36.

42. See Table IX.

43. Luke and Keith-Roach, *op. cit.*, p. 285.

44. *Report to the League of Nations*, 1937, p. 286.

45. Luke and Keith-Roach, *op. cit.*, p. 286.

46. *Report to the League of Nations*, 1922, p. 51.

47. Vital Cuinet, *op. cit.*, pp. 42-43.

conform to the main line. The work was completed in 1905. Only 88 kilometers of this line between Haifa and Samakh fall inside the frontiers of Palestine; the rest lie within Syrian territory.

Other extensions and feeders to the main Hijaz Railway lying within Palestinian territory were constructed before the War. One of these is an eighteen kilometer line connecting Acre with the Haifa Dar'a line. Another branch was started from Affula also on the Haifa Dar'a line. It extended southwards through Jenin and had reached Sileh at the outbreak of the War. From Sileh it was continued to El Mas'udiya and was extended to Nablus during the War.⁴⁸

Further construction took place during the War, for the purpose of facilitating military operations. A line was laid from El Mas'udiya to Tulkarm and then southwards to Ramle on the Jaffa Jerusalem line. Another one branched off the Jaffa Jerusalem line southwards through Beersheba and Anja el Hafir towards Egypt. Both of these lines with the exception of the El Mas'udiya Tulkarm section were subsequently dismantled.

All the sections of the Hijaz Railway are of the 105 centimeter gauge. Although not owned by the Palestine Government they are operated by the Palestine Railways Administration. This Administration also operates the section of the main Hijaz Railway, from Nassib to Ma'an which lies within Trans Jordan territory.⁴⁹

During their campaign in Palestine, the Egyptian Expeditionary Force constructed a standard gauge line parallel to the seashore which started at El Kantara East and extended through al Arish, Rafah and Gaza to Lydda on the Jaffa Jerusalem line. Military requirements necessitated the building of a branch line from Rafah to Beersheba. At the same time the narrow gauge line constructed by the Turks to connect the Jaffa Jerusalem line with Beersheba was converted by the British Army to standard gauge. The main line was continued through Tulkarm and was completed to Haifa by the end of 1918. In 1920 the British Army sold to the Palestine Civil Administration the lines that were within Palestinian territory. It was agreed at the same time that the Palestine Railways should act as agents for the War Office in running and administering the El Kantara Rafah section, which being outside Palestinian

⁴⁸ The Affula-El Mas'udiya section was closed in 1932 as a measure of economy. It was reopened for traffic as from the 9th November 1936.

⁴⁹ The remaining section of the Hijaz Railway in Trans Jordan extending southwards from Ma'an to Mudawara a length of 113 kilometers is not in working condition. *Report of the General Manager on the Administration of the Railways, 1935-36* p. 5.

territory, remained the property of the British Army. This section is called the El Kantara-Rafah Railway.

In 1927, the sections from Rafah to Beersheba and from Beersheba to the Jaffa-Jerusalem line were dismantled. There now remains only the Rafah-Haifa section. This, together with the Jaffa-Jerusalem line and two short branches⁵⁰, constitute the Palestine Railway proper, i.e., the standard gauge lines owned by the Government of Palestine.

In addition, a six and a half kilometer line of standard gauge was completed in 1921 branching from Râs el 'Ein, on the Haifa-Rafah line, and serving the Petah Tiqva Colony. The inhabitants of this colony contributed £P. 20,513 towards the cost of construction. A special agreement regulates the manner in which the earnings of the line are to be allocated.

B. THE PRESENT SYSTEM AND ITS CAPITAL COST.

The constituent parts of the system as it now exists are given in Table IV. Control of all the railway lines is centralized under one administration, called Palestine Railways and Operated Lines, with its headquarters at Haifa. Separate accounts, however, are kept for each of the constituent parts of the system, owing to the differences in ownership. A Railway Board composed of official and unofficial members has been constituted to give advice on such railway questions of general interest as may be referred to it by the Government.⁵¹

The original capital cost of each of the railways which constitute the system is not definitely known, with the exception of the Petah Tiqva, Beit Nabâlâ and Sarafand lines, which were constructed in 1921. The value of the lines which were taken over from the Army was estimated at £P. 785,833⁵² (Wickham Valuation). This, together with the additional capital expenditure incurred by the Palestine Government on all the lines, constitute the capital cost of the Railways. On March 21, 1937, the aggregate capital expended upon each of the separate railways was as follows :⁵³

Palestine Railway	£P. 3,353,804
Petah Tiqva Railway	54,532
El Kantara-Rafah Railway	760,132
Hijaz Railway (in Palestine)	488,128

50. Sarafand and Beit Nabâlâ Lines.

51. *The Palestine Gazette*, June 16, 1932, p. 450.

52. *Report of the General Manager*, 1936-37. £P. 978 of this sum constituted Hijaz Railway assets.

53. *Statistical Abstract of Palestine*, 1937-38, p. 87.

TABLE IV
The Gauge and Length of the Railway Lines in Palestine ⁵⁴

Line	Gauge	Length (Kms, excluding sidings)	Total
<i>Palestine Railway</i>			
Rafah—Haifa	1,435mm	229.5	
Jaffa—Jerusalem	"	87	
Beit Nabala Line	"	5.5	
Sarafand Line	"	4.5	326.5
<i>Rdā el 'Ein—Petah Tiqa</i>	"	6.5	6.5
<i>Sinai (El Kantara—Rafah) Railway</i>	"	203	203
<i>El-Kantara—Rafah</i>			
<i>Hijaz Railway</i>			
<i>In Palestine</i>			
Haifa—Samekh	1,050mm	88	
Haifa—Acre	"	18	
Nablus—Tulkarm	"	38	
<i>In Trans Jordan</i>			
Nassib—'Amman—Ma'an	"	323	467
Grand Total			1003

The capital cost of the Palestine Railway was financed primarily from the Palestine Government 5 per cent Guaranteed Loan 1942-67. Capital improvements have also been effected from revenue. The amount spent from each of the two sources up to March 31, 1937, is as follows ⁵⁵

From Loan Funds —	£P	£P.
Purchase of Railway Assets from		
H.M.G. (Wickham Valuation)	784,855	
Other Expenditure from Loan Funds	1,581,948	
Cost of Raising Loan (Palestine		
Railway portion)	66,647	2,433,450
From Revenue —		920,354
Total		3,353,804

⁵⁴ Compiled from *Report of the General Manager 1936-37* p. 3

⁵⁵ *Ibid.*, p. 8. Expenditures from loan or revenue spent on other than Palestine Railway proper, are not included.

The first item covers the estimated value of the lines and equipment taken over from the Army following the establishment of the Civil Administration. The 'other expenditure' includes the compensation paid to the Jaffa-Jerusalem Railway Company, which had the concession on that line, and payments for the construction of the small branch lines of Beit Nabâlâ, Sarafand and Petah Tiqva. In addition, this item also covers the sums spent on railway workshops, relaying track, stone ballasting, staff quarters, station buildings and goods sheds, rolling stock, expropriation of land and similar expenditures.⁵⁶ The amount expended from revenue represents extraordinary expenditure on miscellaneous capital improvements.

These expenditures from loan and revenue were necessitated by the fact that the lines taken over from the Military Administration had originally been built for military purposes. Furthermore, the material used in their construction and equipment was in some respects unsatisfactory, due to the limitation imposed by the War.⁵⁷ Even with these expenditures the lines are not yet in a satisfactory condition, as can be inferred from the following statement of the General Manager: "I have referred in previous reports to the fact that, owing to the need for economy, the main line of the Palestine Railway, which was hastily constructed as a military Railway in the War, has never been brought completely up to ordinary open line standard, especially in the matter of sleepers, ballasting, and drainage. It has also been deficient in certain ordinary facilities".⁵⁸

The Petah Tiqva line was financed by means of funds provided by the Government and the settlers of Petah Tiqva. The total cost of construction was £P.54,532, of which £P.20,513 was advanced by the settlers and £P.34,019 by the Government.⁵⁹

The agreement between the Government and the settlers provides that the amount contributed by the latter shall be amortized from the earnings of the line, after the interest charges on capital, with priority to the Government, have been met.⁶⁰ Payment to the colonists on account of the principal was made only during 1923-24 and 1924-25, aggregating £P. 835.⁶¹ On the 31st of March, 1937, the amount of the loan still out-

56. For a detailed list of the works and the amounts expended on each, see *Report by the Treasurer*, 1936-37, p. 210.

57. *Report of the General Manager*, 1932-33, p. 9.

58. *Ibid.*, 1934-35, p. 22.

59. *Report to the League of Nations*, 1934, p. 164.

60. *Ibid.*, 1935, p. 184.

61. *Ibid.*

standing exclusive of accumulated interest charges to the Government and the colonists, was £P 19 678.⁶²

The *El Kantara Rafah and the Hijaz Railway lines* are not owned by the Palestine Government. The capital costs stated earlier,⁶³ however, include the sums spent by the Government by way of investment in the lines. By the end of March 1937 these investments stood at £P 20 958 for the *El Kantara Rafah Railway* and £P 1,005 for the *Hijaz Railway*.⁶⁴

C ROLLING STOCK

On March 31, 1937 the rolling stock of the Palestine and Hijaz railways consisted of the following units:⁶⁵

Palestine Railway

Steam Locomotives (various types)	78	
Rail Motor Vehicles	5	
Coaching Vehicles		
a Passenger Vehicles (various types)	79	
b Other Coaching Vehicles	21	100
	<hr/>	
Goods Vehicles		
a Traffic Vehicles (various types)	19.6	
b Service Vehicles (<i>side n</i>)	269	2,195
	<hr/>	

Hijaz Railway

Steam Locomotives (various types)	53	
Rail Motor Vehicles	4	
Coaching Vehicles		
a Passenger Vehicles (Various types)	32	
b Other Coaching Vehicles	10	42
	<hr/>	
Goods Vehicles		
a Traffic Vehicles	337	
b Service Vehicles	24	361
	<hr/>	

The Palestine Railway passenger vehicles have a seating capacity of 892 first class, 626 second-class and 3,731 third class berths, a total of

⁶² *Report by the Treasurer* 1936-37 p. 202.

⁶³ See p. 317.

⁶⁴ *Report of the General Manager* 1936-37 pp. 69 and 88 respectively.

⁶⁵ Compiled from *Ibid.* pp. 59-62 and 103-106.

5,249 berths.⁶⁶ The goods vehicles have a total carrying capacity of 26,926 tons, of which 23,658 tons are the capacity of the traffic vehicles, and 3,268 tons that of the service vehicles.⁶⁷

The Hijaz Railway passenger vehicles have a total seating capacity of 1,563 berths—89 first class, 99 second class and 1375 third class.⁶⁸ The carrying capacity of the goods vehicles is 5,718 tons, of which 5,316 tons is the capacity of the traffic vehicles and 402 tons is the capacity of the service vehicles.⁶⁹

The rolling stock equipment of the Railways, especially as regards goods traffic, appears to be neither adequate nor in a satisfactory condition to meet the growing traffic needs of the country. This can be seen from the large number of engine failures⁷⁰ and of the rolling stock units sent for repairs.⁷¹ Also enlightening in this connection is the following statement of C. M. Jenkin-Jones, a railway expert, who examined the traffic facilities and rates of the Palestine Railways. He said: "There is no question but that the service given by the locomotives for some considerable time has been so bad that it has rendered efficient operation unattainable."⁷² Equally significant is the Railway Manager's remark regarding the timekeeping of trains. He said: "unfortunately the timekeeping of trains continued to be unsatisfactory. Generally speaking, this was due to an unexpectedly heavy traffic for which we were neither prepared nor equipped."⁷³

A very comprehensive study of the problem of the adequacy and efficiency of the rolling stock equipment of the Palestine Railways is included in C. M. Jenkin-Jones' Report. Specific recommendations are made in the Report for the purpose of improving the efficiency of the existing stock and for increasing its mobility. Where such measures are not found to be adequate for meeting the legitimate requirements of business, recommendation is made for the acquisition of the necessary additional equipment. The Government has already made the necessary

66. *Ibid.*, p. 60.

67. *Ibid.*, p. 61.

68. *Ibid.*, p. 104.

69. *Ibid.*, p. 105.

70. For the years 1930-1934, the number of standard gauge engine failures was 114, 97, 41, 72 and 153 respectively. C. M. Jenkin-Jones, *Report on the Traffic Organisation, Facilities and Rates of the Palestine Railways*, 1935, p. 11.

71. For the years 1933-34 to 1935-36 the yearly average of standard gauge locomotives sent for heavy repairs was 33. During the same period, an average of 40 coaching vehicles and 793 goods vehicles (standard gauge) yearly had to undergo similar repairs. *Report of the General Manager*, 1935-36, pp. 19-20. A slight improvement is recorded in 1936-37 if damage caused by the disturbances is excluded.

72. Jenkin-Jones, *op. cit.*, pp. 10-11.

73. *Report of the General Manager*, 1934-35, p. 18.

arrangements to put the more urgent recommendations into effect, and has also accepted in principle the recommendations for further improvements ⁷⁴

Accommodations for passenger traffic appear to be on the whole satisfactory. The number of passenger trains run under normal circumstances is sufficient to cope with the demand for the service, although the third-class passenger coaches are at times over-crowded. The standard of comfort for the first and second-class passengers is satisfactory, while the standard of comfort for third-class passengers should be improved ⁷⁵

On special occasions additional facilities are provided. Special trains are run for tourists and arrangements are made during the summer season for issuing through rail and road tickets from Egypt to Lebanon, and *vice versa* via Palestine Railways. Facilities are also afforded for the issue of season tickets and for reduced return fares ⁷⁶

D PASSENGER AND GOODS TRAFFIC

Table V shows the activity of the whole railway system as regards passenger and goods traffic —

TABLE V
Passenger and Goods Traffic of the Railway System of Palestine,
1931-32 to 1936-37 ⁷⁷

Year	Number of passengers including season tickets	Goods handled (in tons)	Live stock No
1931-32	1,456,295	1 285 014	28 962
1932-33	1,235 494	989 565	53 292
1933-34	1 609 878	865 922	112,431
1934-35	2,453 365	1 022 288	105 239
1935-36	3 413 359	1 032 443	51,489
1936-37	3 179 523	1 162 992	63,796

A more accurate picture of the passenger traffic situation would have been possible if passenger kilometer figures were available. The decline in the number of passengers in 1932-33 is largely a result of the depressed

⁷⁴ *Ibid.*, 1935-36 p. 6

⁷⁵ Jerkin *loc. cit.*, p. 33

⁷⁶ *Report of the General Manager 1934 to 1935*, p. 15

⁷⁷ *Statistical Abstract of Palestine 1937-38*, p. 60

economic conditions and of road competition.⁷⁸ The improvement registered in the succeeding two years is attributed principally to the reduction in fares,⁷⁹ and also to improved services, such as the introduction of the combined road and railway service. The phenomenal increase in 1935-36 is due principally to an increase in the number of ticket holders using the Hijaz Railway, resulting from the growth in size and number of the settlements near Haifa.^{79a}

As regards the goods traffic, Table VI affords a more useful comparison, as it shows the number of ton-kilometers handled by the lines that compose the system.

TABLE VI
Goods Traffic Handled 80
(In ton-kilometers)

Year	Palestine Railway	Kantara-Rafah Railway	Hijaz Railway
1930-31	46,242,207	17,488,442	13,683,700
1931-32	47,592,871	9,452,851	10,452,145
1932-33	52,615,119	13,396,735	12,235,875
1933-34	66,872,419	13,887,016	12,338,536
1934-35	89,136,191	13,906,637	10,537,873
1935-36	93,083,000	14,545,000	12,976,000
1936-37	115,125,000	22,375,000	10,970,000

It will be observed that the traffic on the Palestine Railway registered slight increases in 1931-32 and 1932-33, whereas the increase during the succeeding two years was much greater. This increase was due principally to increased activity in the building industry as well as to a greater export of citrus fruits.⁸¹ The increase in 1935-36 was due to the diversion of cargo from Jaffa to Haifa during the port improvement at Jaffa. In 1936-37 the disturbances resulted in the complete cessation of work at Jaffa Port and also made the railways a safer means of transport than roads. This, together with a large increase in the citrus exports, account for the increase in 1936-37.^{81a}

78. *Report to the League of Nations*, 1932, p. 201.

79. *Report of the General Manager*, 1933-1934, p. 14.

79a. *Ibid.*, 1935-36, p. 14.

80. *Ibid.*, 1932-33, p. 108; 1934-35, p. 107; 1935-36, p. 121; and 1936-37, p. 117. The figures for 1934-35 given in the Report for 1934-35 do not agree with the figures for the same year given in the Report for 1935-36.

81. Citrus traffic by rail to Haifa was 2,899,346 cases in 1934-35 as against 1,958,791 cases in 1933-34 and 1,417,673 in 1932-33. *Ibid.*, 1934-1935, p. 16.

81a. *Report of the General Manager*, 1935-36, p. 15 and 1936-37, pp. 16-18.

The heavy decline in the traffic of the El Kantara—Pafah Railway in 1931-32 is due primarily to the cessation of kerosene and fuel oil imports from Egypt as a result of the establishment at Haifa of new installations which made a direct shipment by sea more economical.⁸² Traffic also suffered as a result of the imposition of a prohibitive customs tariff in Egypt which seriously reduced the melon exports from Palestine.⁸³ The increase in 1936-37 is due to military traffic during the disturbances.⁸⁴

The Hijaz Railway traffic shows an appreciable decline in 1931-32, caused mainly by bad harvests of barley and other cereal crops. The completion of the Pipe Line of the Iraq Petroleum Company and the destruction of a bridge on the Syrian section of the Hijaz Railway between Samakh and Dar'a are among the important causes which explain the decline in traffic during 1934-35.⁸⁵

L. FINANCIAL POSITION

The financial results of the operations of each railway, for the period 1930-31 to 1937-38 are given in Table VII.

The increased net receipts of the Palestine Railway during 1933-34 to 1935-36 reflect a more intense activity in both passenger and goods traffic. The reduction in third-class rates in 1933, the introduction of combined rail and road services, and the facilities provided for through service by rail from Egypt to Haifa and by road from Haifa to Syria, are among the factors responsible for the increased receipts from passenger traffic. The increase in receipts from goods traffic in 1933-34 is due to heavier activity in the transport of building material and manure⁸⁶, while in 1934-35, in addition to general increase in traffic, the increase is to be explained by the construction of port improvements at Jaffa which necessitated the diversion of certain classes of Jaffa cargoes to Haifa.⁸⁷ The increased revenue in 1935-36 is due to an increase in the number of third-class passengers and also to increased imports of cereals, building materials, coal and fuel oils.⁸⁸ The figures for the last two years in the table cannot be profitably compared with those of previous years, as the country was not in a normal condition because of the disturbances.

⁸² *Ibid.* 1931 p. 13.

⁸³ The number of wagons despatched declined from 1052 in 1930 to 148 in 1931. *Ibid.*

^{83a} *Report of the General Manager, 1936-37* p. 10.

⁸⁴ *Ibid.* 1934-1935 p. 16.

⁸⁵ *Report of the General Manager 1933-34* p. 17.

⁸⁶ *Ibid.*, 1934-35 p. 13.

⁸⁷ *Ibid.* 1935-36 pp. 14-16.

The net receipts of the Palestine Railway shown in Table VII do not, however, show accurately the financial position of that Railway. This is because, in addition to the amounts included under the 'total operating expenditure' column of that table, the Palestine Railway must provide the amounts to be contributed to the Renewals Fund and must also bear an annual charge for interest and sinking fund payments in respect to the share of the Railway from the Palestine Government 5 per cent Guaranteed Stock, 1942-67. The Renewals Fund was instituted in 1932-33 with a sum of £P 40,000. A similar sum was set aside the following year. Increased expenditures necessitated raising the amount to £P 56,700 in 1934-35, to £P 60,000 in 1935-36, and to £P 74,000 in 1936-37.⁸⁹ The interest and sinking fund payments on the Loan were as follows:—⁹⁰

1930-31	£P 138,604	1933-34	£P. 156,458
1931-32	152,961	1934-35	157,140
1932-33	152,962	1935-36	157,140
		1936-37	157,140

When Loan interest and renewal and sinking fund charges are deducted from the net receipts, there remains little or no surplus revenue accruing to the Government from the operation of the Railway.⁹¹ One should also take into account interest charges on the capital expenditure provided from revenue, as well as on operating capital provided by Government. Although during the last two years the financial position of the Palestine Railway has improved, the Railway cannot be considered as self-supporting.

The El Kantara Rafah Railway, as previously stated, is operated by the Palestine Government on behalf of H.M.G. The latest arrangement⁹² is that half of the profits shall go to a special Renewals Fund. Of

⁸⁹ *Ibid* p. 7 and 1936-37, p. 33.

⁹⁰ *Ibid* 1932-33 p. 37 and *Statistical Abstract of Palestine* 1937-38 p. 89.

⁹¹ In fact the *Managers report* shows deficits of £P 116,673, £P 15,660, £P 6,006, £P 114,112 and £P 49,837 for the years 1932-33 to 1936-37 respectively. The figures are arrived at by taking into account the expenditure on extraordinary works, which are mostly of capital nature and should, therefore, not be added to expenditure.

⁹² The agreement is subject to reconsideration at the end of 1937-38. It is not yet definitely known whether the arrangement is to be continued or whether another one is to replace it.

the remaining half, £P. 4,000 go to H.M.G. in the form of a rental for the use of the line and the remainder goes to the Palestine Government. The share of the Palestine Government for the years 1932-33 to 1937-38 was as follows :⁹³

1932-33	£P. 6,585	1935-36	£P. 8,501
1933-34	8,458	1936-37	36,344
1934-35	13,631	1937-38	72

The Hijaz Railway seems to be running on a deficit. In six out of the eleven years covered in Table VII expenditure exceeds revenue. The line is not burdened with interest charges, except for a small yearly sum in respect to the share of the line from the Palestine 1942-67 loan. This share amounted to £P. 63 during each of the fiscal years 1934-35 to 1936-37.⁹⁴

The Palestine Government accounts have been debited with the total net deficit which has accumulated in previous years and which, at the 31st of March, 1937, amounted to £P. 101,239.⁹⁵ It should be noted, however, that in arriving at this deficit, payments for capital improvements have been included as expenditures.

A large stone traffic for the construction of the main road through Petah Tiqva accounts for the heavy increase in the revenue of the Petah Tiqva Line in 1931-32. Increased revenue for 1933-34 and 1934-35 is due to a large traffic of oranges, manure and building materials. The decrease in 1935-36 is largely the result of the poor orange season in that year. Heavy citrus traffic and the use of Petah Tiqva as an overflow station for Tel Aviv traffic imported *via* Haifa during the disturbances explain the heavy increase in the receipts from this line during 1936-37.^{95a} The earnings of this line so far have not been sufficient to meet in full the interest on the capital provided by the Government and the Colonists

93. *Statistical Abstract of Palestine, 1937-38*, p. 89 and *Palestine Commercial Bulletin*, June, 1938, p. 249. The Reports of the General Manager and the Statistical Abstract do not use the term 'working surplus' in the same sense. The latter source uses the term to designate the amount remaining after deducting from the profits all working expenses as well as the sum credited to the Renewals Fund. The Reports of the General Manager, on the other hand, use the term to designate the surplus before deducting the Renewals Fund. See *Statistical Abstract, op. cit.*, p. 89 and *Report of the General Manager, 1936-37*, p. 10.

94. *Report of the General Manager, 1936-37*, p. 86.

95. Of this sum £P. 43,598 was charged in 1933-34 and it represented the total deficits of previous years. The deficits for 1934-35, 1935-36 and 1936-37 amounted to £P. 27,798, £P. 10,047 and £P. 19,795 respectively. *Report to the League of Nations*, 1934, p. 164; 1935, p. 185; 1936, p. 204; and *Report of the General Manager, 1936-37*, p. 11.

95a. *Report of the General Manager, 1936-37*, p. 11.

of Petah Tiqva. Even after the surplus for 1936-37 had been distributed the amount of interest arrears to the Colonists outstanding on the 31st of March, 1937, was £P 10,313.⁹⁶

F RATES

The base rates for passenger traffic on the Palestine Railways are 9, 6 and 3 mils per kilometer for first, second, and third classes respectively. These base rates, however, are not adhered to throughout the country, but are reduced on those lines where road competition is strong.

The charge per ton-kilometer for goods traffic similarly varies according to the commodity to be carried and the distance to be covered. The following table gives the rates charged on different commodities for certain distances.

TABLE VIII

Rate per ton (in Wagon Loads) Charged by the Palestine Railways⁹⁷
(In Palestinian mils)

	50Km	100 Km	200 Km.	300Km
Building Material	275	394	630	826
Flour	283	409	661	850
Rice	236	315	472	604
Oranges	"	"	"	"
Cereals	"	"	"	"
Sugar	346	535	913	1,197
Provisions	441	724	1,291	1,717
Machinery	"	"	"	"
Furniture	724	1,291	2,425	3,275

The Administration of the railways has long felt the necessity for studying carefully the question of rates and fares in order that a proper system might be devised for fixing them. An expert was called from London to study this question and also the question of traffic organization and facilities. The results of his investigation were published in a special report which includes, among other things, the following recommendations with regard to rates.—⁹⁸

⁹⁶ Report by the Treasurer, *op cit* 1936-37 p. 70.

⁹⁷ Secured from the Superintendent of Lines by correspondence.

⁹⁸ Jenkin Jones *op cit* pp. 59-61.

1. The preparation of a rates system on the basis of a few well-defined classes—possibly four and certainly not more than five.

2. The classes to be divided broadly in accordance with the relation between their respective market values.

3. Substituting the present kilometrage system, whereby the rate varies kilometer by kilometer, by a system of zones within which a uniform rate would apply for a particular class of traffic.

4. The rates to be charged on a given class within a zone should be based on a proportion of the market value of the article.

5. To co-ordinate the interests of the railways and of the traders by so designing the rates as to increase the revenue and to give relief to traders who are in real need of it.

Although the Government has adopted most of the recommendations, it is difficult to appraise the effects of their application, as only a very short time has elapsed since their adoption.

G. ROAD COMPETITION.

Closely associated with the problem of railway rates is the problem of road competition. In fact the reductions effected on the rates from time to time have been motivated, to a large degree, by a desire on the part of the Railway Management to check the severe competition of motor transport.⁹⁹

On this question, the General Manager makes the following statement in his report for 1932-33; "...there is no doubt that by manipulation of rates we were able to retain much of the traffic, which would otherwise have been lost, and were also able to attract a certain amount of new traffic."¹⁰⁰ The Government was also charged with purposely and unnecessarily delaying the completion of the Haifa-Jaffa road, a vital artery of road transport, in the interest of the Government-owned Railways.¹⁰¹

This problem of road competition with railway traffic has engaged the attention of the Government. A Road/Rail Co-ordination Committee was constituted in January, 1934 to study ways and means by

99. This practice was admitted in the Report of the Board of Inquiry into the Motor Transport Industry of Palestine. The Report states: "In a vain attempt to squeeze out the industry on certain services, the Railway Administration progressively lowered its fares until they reached a figure which the Administration hoped would drive motor vehicles from that section. The Industry in its turn was compelled to cut fares and although it is said to be running at a loss, the Railways have not succeeded in driving it from that field." *The Palestine Gazette*, 1931, p. 878.

100. *Report of the General Manager, 1932-33*, p. 8.

101. *Ibid.*, p. 306.

which co-ordination could be affected between these two important, but often rival means of transport

One of the important principles that the Committee laid down is that traders should be given the right and the opportunity to choose their form of transport ¹⁰¹ The provision of ample feeder roads to connect the outlying places with the railways was urged as a measure that would insure the traders this freedom. Such feeder roads would undoubtedly bring more business to the railways as well as to the roads and would be of great help for the economic development of the country. To make the choice a practical one C M Jenkin Jones further advised that, whenever possible the railways should offer a door-to-door service, as otherwise the roads would have a decided advantage ¹⁰²

Another important principle laid down by the Committee is that road development should take cognizance of all existing transport facilities, as otherwise duplication and waste would inevitably be the result ¹⁰³ For the application of this principle the Committee suggested that, under certain stipulated conditions it would be necessary to limit, through restricting the number of licences issued, the operations of the lorries on the road ¹⁰⁴ On this point C M Jenkin Jones made the following statement: 'It would be unsound and contrary to the public interest to contend that road development should be artificially restricted so as to force traffic to rail, but it is in my view imperative that, concurrently with road development, steps should be taken to see that the total transport provided is not more than adequate to handle the traffic which will probably require carriage and that as far as possible the road carriers should be put on the same terms as the Railway in the standards of safety which they have to observe and in the financial obligations which they have to bear' ¹⁰⁵

A very important question to which the Road/Rail Co-ordination Committee gave much attention is the Lydda Junction. In the words of the Committee 'Lydda Junction is a heritage of Military occupation of Palestine. It is a bottleneck through which the traffic of Palestine trickles with inevitable delays due to the necessity for the breaking up and reforming of trains arriving at the Junction, except in the case of through trains which are few. The delays caused to traffic

¹⁰¹ Interim Report of Co-ordination Committee as discussed in Jenkin Jones, *op cit* p. 53

¹⁰³ Jenkin Jones, *op cit*, p. 55

¹⁰⁴ Interim Report of Co-ordination Committee as discussed in Jenkin Jones, *op cit*, p. 56

¹⁰⁵ *Ibid*

¹⁰⁶ Jenkin Jones, *op cit* p. 56

are considerable and result in great expense to users and the uneconomical use of wagons; and there is evidence to indicate that the Railways are losing a great deal of traffic because of the delay in handling traffic."¹⁰⁷

A scheme for improving the situation was proposed by Mr. Green, a member of the Co-ordination Committee. The scheme provides "for the construction of a loop line from a point on the main line north of Lydda opposite Jaljûlya, through a central station on the outskirts of Jaffa and Tel Aviv, to Rehovot on the main line south of Lydda; and the construction of a short stretch of line from Rehovot to Ni'âna on the Jerusalem-Jaffa line of Lydda."¹⁰⁸

Expert opinion is divided as regards the necessity for carrying out the scheme. Sir Felix J. C. Pole, who was invited to report on the question, recommended "that the line (18 kilometers in length) from Jaffa to join the main line at Magdiel should be authorized immediately in order to improve railway communication to, from, and between Jaffa and Haifa and prevent delays at Lydda."¹⁰⁹

On the other hand, Jenkin-Jones, who also investigated the question fully, felt that the efficient working of the junction should accelerate and not retard the delivery of traffic.¹¹⁰ He, accordingly, did not recommend the execution of the scheme, maintaining that the provision of adequate locomotives, in a proper condition to do their work, would meet the difficulty at Lydda and would remedy so many of the troubles of the Palestine Railway.¹¹¹ The Government seems to have adopted the latter view, at least for the present.¹¹²

IV. Motor Transport

To a country of the size of Palestine, where distances between the bigger towns are relatively short, motor transport is of particular significance for the economic development of the country. It provides a rapid means for linking places which otherwise would be out of reach because railroads could not be constructed for commercial exploitation, due to the comparatively small traffic between the smaller settlements and villages. Furthermore, it has the additional advantage of greater speed, convenient and flexible hours, and door-to-door service.

107. From the Interim Report of the Co-ordination Committee as quoted in Sir Felix J. C. Pole, *Report on Proposed Railway Improvements in Palestine*, p. 1.

108. *Ibid.*, p. 2.

109. Sir Felix J. C. Pole, *op. cit.*, pp. 8-9.

110. Jenkin-Jones, *op. cit.*, p. 36.

111. *Ibid.*, p. 37.

112. Information privately secured.

Palestine has utilized the services of motor transport to a large and increasing extent. In fact as was pointed out earlier the motorcar has become a very serious competitor of the railways, especially in those cases where the road and the rail track run parallel to each other. Thus increasing competition of motor transport with the railway, although not without its disadvantages has often resulted in benefiting trade as well as the public through forcing reductions in rates and improvement in the service.

Motor transport had a modest start in Palestine immediately after the Great War. In 1923 there were 236 motor vehicles of various kinds in the country. Since then there has been an uninterrupted, and sometimes very great increase in the number of cars registered. Table IX shows the number of motor vehicles operating in the country for the period 1923-1937.

TABLE IX
Motor Vehicles Registered, 1923-1937 113

Year	Private cars	Public service cars	Omni-buses	Commercial vehicles	Motor cycles	Motorcycles combinations	Total
1923	51	73	—	33	79	—	236
1924	274	514	102	89	188	—	1,167
1925	406	662	316	256	323	—	1,963
1926	704	723	279	244	173	—	2,123
1927	602	966	305	323	256	—	2,452
1928	573	1,066	459	315	160	54	2,627
1929	653	884	444	385	168	73	2,607
1930	774	851	711	524	235	91	3,186
1931	886	1,122	728	631	375	101	3,843
1932	1,076	1,033	710	808	677	127	4,381
1933	1,688	1,046	905	1,239	1,004	116	5,998
1934	3,454	1,084	1,037	2,436	1,999	164	10,174
1935	4,682	1,087	1,251	2,953	1,724	149	11,846
1936	5,942	1,194	1,370	3,970	2,367	198	15,041
1937	6,369	1,242	1,296	4,077	2,449	184	15,617

This large number of motor vehicles assures transport between the various parts of the principal towns and provides a country-wide network which connects the different towns and villages in Palestine. Urban and inter-urban or village traffic, both goods and passenger, is being increas-

ingly carried by lorries and bus services. The bulk of the passenger transport at present is in the hands of cooperative societies, while goods traffic is carried privately. The buses used for passenger traffic are often quite up-to-date and comfortable. They run at regular and frequent intervals and their fares are lower than those charged by five-seater taxi cabs.

Motor traffic is also the primary means of transport to and from Syria, Lebanon and Trans-Jordan. The narrow gauge railway line from Haifa to Damascus *via* Dar'â is not able to compete successfully, as it is slow and, in the case of Lebanon, roundabout too.

Traffic with Iraq is carried either through Syria or direct to Baghdad *via* 'Ammân and Rutbah. Special effort has been exerted by the Government to encourage motor traffic using the latter route, which reaches Iraq without leaving the British Mandated territories. The special customs agreement with Iraq which came into force on February 14, 1937,¹¹⁴ provides for according Iraq free zone facilities at the Port of Haifa for handling goods to and from Iraq, or passing through Iraq in transit. The agreement also provides that certain Iraqi goods transported over the Baghdad-Haifa land route will be admitted free, while certain other goods will be admitted at greatly reduced import duties. The Palestine Government, in cooperation with the Government of Trans-Jordan, also undertakes to repair and keep maintained the section of the route lying within their territories. Furthermore, special facilities, such as exemptions from customs duty on motor vehicles, tires and petrol and reduction in licence fees, will be accorded to transport undertakings which use the Baghdad—Haifa land route. The agreement has come into force too recently to make possible any evaluation of its effects on motor transport traffic with Iraq.

In order to make sure that any contemplated laws or regulations governing the licensing and registration of motor vehicles, or in any way affecting the motor transport industry, shall have taken into consideration the points of view of all interested parties, the Government set up a Standing Road Transport Advisory Board, whose membership consists of certain Government officers and representatives of chambers of commerce, car owners and drivers' unions and other interests. The Board serves as a convenient link between the Government and the motor transport industry. Regulations regarding the maximum number of taxis and omnibuses in each municipal area and on each route within the

114. *The Palestine Gazette*, No. 668, of 20th February, 1937, Supplement No. 2.

area, and also the fixing of tariffs, are in the hands of District Motor Regulatory Boards 115

V. Water Transport

A SHIPPING

There are no navigable rivers in Palestine. Internal water transport is almost exclusively confined to some traffic on the Dead Sea, the traffic carried on Lake Tiberias being insignificant

Coastwise shipping, however, has long been practised and, in spite of the increasing use of trucks and lorries, a large number of steam and sailing vessels pass between Palestinian ports. Table X gives the number and tonnage of these boats for the period 1922-1937.

TABLE X

Number and Tonnage of Steam and Sailing Vessels Arrived from Palestine Ports and Entered at Haifa and Jaffa during 1922-1937¹¹⁵

Year	Entered at Haifa				Entered at Jaffa			
	Sailing		Steam		Sailing		Steam	
	No	Tonnage	No	Tonnage	No	Tonnage	No	Tonnage
1922	253	3,425	179	233,516	200	2,451	147	111,184
1923	206	2,636	229	382,558	149	1,676	158	313,799
1924	132	1,720	223	396,273	121	1,430	158	304,243
1925	140	1,579	271	497,577	98	1,299	175	406,833
1926	177	2,323	270	463,416	141	1,942	129	255,174
1927	247	3,367	239	379,649	122	1,553	82	162,346
1928	128	2,833	219	435,199	61	1,312	80	177,543
1929	129	2,485	216	480,356	95	1,514	119	358,226
1930	140	3,636	273	555,630	73	1,633	137	292,419
1931	154	4,862	270	608,905	76	1,679	127	262,778
1932	133	5,442	346	829,301	70	2,226	166	329,978
1933	153	7,092	444	1,141,654	55	2,007	175	357,592
1934	90	3,866	600	1,336,650	24	929	236	326,669
1935	143	6,333	639	1,451,043	36	957	250	346,549
1936	51	2,298	311	589,535	23	648	150	152,746
1937	185	4,445	545	990,034	176	2,676	238	297,214

115 Recommendation of the Board of Enquiry into the Motor Transport Industry of Palestine published in *The Palestine Gazette*, November 19, 1931, pp 883-884. The recommendations were accepted and the Boards were appointed February 29th, 1932. See *The Palestine Gazette*, March 1st, 1932, pp 168-169.

116 *Annual Report of the Department of Customs, Excise and Trade*, 1936, pp 89-90, and *Palestine Commercial Bulletin*, February, 1938, p 74.

It should be noted, of course, that the tonnage given in the table represents registered tonnage and not actual freight carried. Figures showing the extent of Palestine's domestic trade carried by sea are not available.

Oversea shipping serves to carry the bulk of Palestine's foreign trade. Over ninety per cent of the imports and exports are carried by sea. In 1936 regular services for passenger and goods traffic were provided by 26 different lines, of various nationalities, while a little less than forty other lines ran irregular service, carrying mostly tourists and cargo.¹¹⁷ The number and tonnage of ships entered and cleared in the foreign trade of Palestine is given in Table XI.

TABLE XI

Number and Tonnage of Ships Entered and Cleared in the Foreign Trade of Palestine 118

Year	Entered				Cleared			
	Sailing		Steam		Sailing		Steam	
	No.	Tonnage	No.	Tonnage	No.	Tonnage	No.	Tonnage
1927	1,919	35,171	697	1,570,542	1,961	35,997	699	1,550,922
1928	1,557	30,712	733	1,780,859	1,571	30,480	732	1,754,675
1929	1,922	40,917	741	1,934,966	1,937	40,929	735	1,958,509
1930	1,794	40,454	813	1,895,540	1,807	40,464	814	1,896,588
1931	2,143	49,850	806	1,809,929	2,138	49,697	806	1,814,475
1932	1,969	55,194	974	2,003,111	1,946	54,073	968	1,979,741
1933	2,060	69,675	1,312	3,223,959	2,019	68,667	1,279	3,141,303
1934	1,731	52,313	1,684	4,264,571	1,723	52,926	1,665	4,177,835
1935	1,689	52,670	2,061	5,510,847	1,642	50,863	2,060	5,483,914
1936	1,053	29,849	1,985	4,976,026	1,050	30,361	1,968	4,958,224
1937	1,545	44,291	1,992	4,817,829	1,509	43,218	2,001	4,849,637

It will be observed that the number and tonnage of steam vessels has increased appreciably since 1933, the year which witnessed the formal inauguration of the Haifa Port. The number of sailing vessels shows marked fluctuations, due primarily to the dependence of these vessels on weather conditions.

The main shipping centers in Palestine are Haifa and Jaffa. Acre and Gaza provide anchorage for sailing vessels and receive a very limited

117. *Palestine Blue Book*, 1936, p. 328.

118. *Statistical Abstract of Palestine*, 1937-38, p. 92.

number of small steamboats. All the ports of Palestine are public property and are administered by the Palestine Government.¹¹⁹ A Harbour Board was set up in 1928 to advise the Government on port and harbor questions.

In 1929 the Government started the conversion of the Port of Haifa into a modern harbor. The work was completed in 1933 and costed approximately £P 1,250,000.¹²⁰ Two breakwaters were constructed, enclosing a total area of 587.3 acres of which the reclamation area was 108.7 acres and the water area 278.6 acres. Of the water area 91.1 acres were dredged to 37 feet, 63.2 acres to 30.8 feet and 25.3 acres to 33 feet.¹²¹ The main wharf is now 1,312 feet long and is dredged to a depth of 30 feet. The intermediate wharf, dredged to depths varying from 17 to 30 feet, is 361 feet long. The length of the lighter-wharves is 574 feet and is dredged to a depth of 15.5 feet.¹²² Berths for three large or four small cargo vessels, working direct with quay, are provided at the main wharf, and about twenty vessels can be berthed stern-on at the main breakwater, working from or into lighters.¹²³

The Port is equipped with modern appliances for the handling of goods. Bonded warehouse facilities are provided within the harbor area. Two customs transit sheds were erected before the opening of the Port and four others have been completed since. About fifteen acres of open stocking areas are also available. Rail access is provided to the transit sheds and to the wharves. Cranes of different lifting capacity facilitate direct loading and discharging between steamships and railway trucks. Similarly access to all parts of the Customs Area is open to road vehicles. An oil dock is being added, which will accommodate oil tankers.¹²⁴

The Port of Jaffa does not yet have facilities for accommodating ocean steamers within the Port area. Such vessels have to anchor in the open roadstead and to discharge their cargo onto open lighters, which carry the cargo to the quays. Anchorage is difficult during rough weather and not infrequently ships have to divert their destination to Haifa. Transit sheds and bonded warehouse accommodations are available. Road and rail approaches to the Port are not very satisfactory, but schemes

¹¹⁹ *Report to the League of Nations, 1937* p. 98.

¹²⁰ *Ibid.*, 1933 p. 236.

¹²¹ *Ibid.* p. 237.

¹²² *Blue Book, 1936* p. 327.

¹²³ C. Empson *Economic Conditions in Palestine, July 1935* p. 64.

¹²⁴ *Report to the League of Nations 1933*, p. 238 and 1937, p. 283.
Also *Annual Report of the Department of Customs, Excise and Trade, 1934-1936*.

for improvement have already been undertaken and they are nearing completion.

During 1934 the Government planned to undertake important improvements at Jaffa Port. A breakwater which provides shelter for lighters in winter was constructed. Dredging of the sheltered area was also started. New quays and transit sheds, as well as road approaches, have been constructed. When all the improvements have been completed, much of the congestion and difficulties involved in handling goods in Jaffa Port will be materially relieved. This is of particular importance to Palestine, in view of the fact that Jaffa Port is the natural outlet for the increasing volume of citrus exports from that vicinity. The volume of traffic handled at the ports of Haifa and Jaffa is indicated in Table XII.

The Port of Acre is an open roadstead providing anchorage for small vessels. A jetty 20 feet long is available, at the end of which the depth is 2 feet 6 inches. Under existing circumstances only vessels not exceed-

TABLE XII

Tonnage of Import and Export Cargo Handled at the Ports of Jaffa and Haifa during 1926-1937 125

Year	Jaffa		Haifa	
	Discharged tons	Loaded tons	Discharged tons	Loaded tons
1926	121,552	45,554	99,734	35,993
1927	95,322	31,073	124,057	42,767
1928	113,269	33,069	137,330	23,854
1929	129,625	75,841	154,069	39,820
1930	133,241	100,862	174,862	61,425
1931	151,975	77,873	214,893	48,303
1932	221,113	106,824	273,411	54,164
1933	348,797	96,888	401,410	71,632
1934	486,974	120,967	589,203	99,756 ^a
1935	402,525	171,819	787,307	138,427 ^a
1936	135,493	115,302	756,723	165,029 ^a
1937	126,842	152,427	698,430	296,492 ^a

a. Exclusive of crude oil.

ing 10-ton register can berth alongside the wharf¹²⁶ In 1936, 309 sailing vessels and two steam vessels called at the Port.¹²⁷

The Port of Gaza is another open roadstead The approach is directly from the open sea There are no wharves or piers¹²⁸ The traffic of the Port is negligible In 1936, 10 sailing vessels and three steamers called at the Port¹²⁹

In 1936, the Government granted permission for the construction of a jetty at Tel Aviv, on the northern side of Jaffa Port The jetty was constructed in May of the same year Later in the year, work was begun on the construction of a lighter basin to facilitate the shipment of citrus fruits and also to deal with imports During 1936, 27,514 tons were discharged and 1,854 tons loaded at Tel Aviv jetty and lighter basin The corresponding figures for 1937 were 97,304 tons and 26,795 tons respectively^{129a}

VI Air Transport

For internal traffic purposes air transport is rarely used It is becoming increasingly important, however, as a means for linking Palestine with the neighboring countries of Egypt and Iraq, as well as with the rest of the outside world This form of transport has so far been used exclusively for the carrying of passengers and mail

Until very recently, the main airport of Palestine was situated at Gaza The fact that that port was out of the way, together with the increasing popularity of air travel, induced the Government to construct a more conveniently situated airport The location of the new main airport is near Lydda Its construction was proceeding satisfactorily when it was interrupted by fire on October 16, 1937 The airport is to be provided with modern facilities to make it suitable for use by international air services

The companies that run regular services through Palestine are the Imperial Airways, Ltd, and the K.L.M. Royal Dutch Airlines The former runs a number of services from England to Singapore and Karachi, the latter between Amsterdam and the Dutch East Indies They both call at Lydda Mizr Airlines maintains a daily service in each direction between Egypt and Haifa, via Lydda In addition, Mizr Airlines uses

¹²⁶ Based on information contained in *Palestine Blue Book*, 1935, p. 394

¹²⁷ *Ibid.*, 1936 p. 325

¹²⁸ *Ibid.* p. 317

¹²⁹ *Ibid.*, p. 325

^{129a} *Palestine Commercial Bulletin* Feb., 1938 p. 73

the Lydda airport on its twice-weekly service between Baghdad and Cairo. "LOT" Polish Airlines and "Ala Littoria" are two companies that have established direct air connections with Palestine. The former operates a regular service between Warsaw and Lydda. It runs three times a week in each direction in summer and once a week in winter. Ala Littoria runs seaplanes between Italy and Haifa using Haifa Bay. The service is also maintained three times a week in each direction. The Palestine Airways maintains a local service between Lydda and Haifa.¹³⁰

VII. Communication

Postal, telegraphic and cable services were used in Palestine before the World War. The unreliability of the Ottoman service, however, led many European powers to maintain their own services between Europe and various towns in Palestine.¹³¹ Telephones were not available for public use in the country until after the establishment of the Civil Administration on July 1, 1920.

At present a greatly improved and widely extended system of post, telegraph and telephone is owned and operated by the Government. In addition, the facilities of such modern means of communication as air mail, radio-telegraphy and radio-telephony are available to the public. A radio broadcasting station was inaugurated in 1936, and the number of radio receiving sets is increasing rapidly.

A. POSTAL SERVICES.

On the 31st of December, 1936, there were 60 post offices and 16 postal agencies in Palestine. They provide the usual services of collecting, despatching and delivering correspondence. Mails between the more important towns and villages in the country are exchanged several times daily.¹³² Daily services are also maintained with Egypt, Lebanon, Syria and Trans-Jordan. The frequency of despatches to other foreign countries depends on steamer connections, but to most places mail is despatched three or four times weekly. The overland mail service with Iraq and Iran is exchanged twice a week. Air mail is also being extended

130. Information in this section is secured from *Report to the League of Nations*, 1937, pp. 295-296 and from correspondence with the Director of Civil Aviation, Jerusalem.

131. *Report on Palestine Administration*, July, 1920 to December, 1921, p. 102.

132. *Report to the League of Nations*, 1936, p. 268.

rapidly and the public is making full use of the service. The total weight of air mail despatched to all destinations increased from 14 100 kgs in 1934 to 34 674 kgs in 1937.¹³³

Other services performed by the post offices include registration and insurance of correspondence, small packets and parcel post service, inland cash on-delivery parcel and packet service and 'cash on-delivery' parcel service with the United Kingdom and Egypt.

The volume of business handled by the post offices has been increasing from year to year, and particularly since 1932. This may be seen from the figures shown in Appendix VI, A.

Inland and foreign postal orders are handled at most of the post offices in Palestine. The Palestine postal orders are issued in 50 mil denominations or multiples thereof, but not exceeding £P 1 000, and are payable in Palestine, Egypt and Trans-Jordan.¹³⁴ Arrangements are also made for the issue and payment of British postal orders in denominations ranging from six pence to twenty-one shillings.¹³⁵ Such orders are exchanged between Palestine and the United Kingdom, Irish Free State and most countries of the British Empire except Australia and Canada.¹³⁶

Inland money orders are also issued by the post offices to facilitate the transfer of funds in amounts exceeding the maximum permitted by the Postal Money Order Service. These orders may be issued for any amount above £P 1 000 but not exceeding £P 40 000. Foreign money orders are issued for most countries in any amount up to a maximum of £P 40 000 (or \$200 in the case of the U.S.A.). For Egypt and Trans-Jordan the money order must be for an amount over £P 1 000, as smaller denominations can be transferred through the Foreign Postal Order Service.¹³⁷ The extent of the Post Office activity in postal and money order transactions may be observed in Appendix VI, B.

B TELEGRAPHIC AND RADIO TELEGRAPHIC SERVICES

Telegraphic communication facilities are available in all the principal towns and villages as well as in many of the outlying settlements. The number of telegraph offices in 1927 was 33.¹³⁸ By the end of 1935 the number had risen to 56, of which six represent handing-in offices only.¹³⁹

¹³³ *Statistical Abstract of Palestine* 1937-38, p. 85.

¹³⁴ *Blue Book* 1936, p. 346.

¹³⁵ *Ibid.*

¹³⁶ *Ibid.*

¹³⁷ *Ibid.*, p. 343.

¹³⁸ *Ibid.*, 1927, p. 124.

¹³⁹ *Ibid.*, 1935, p. 389.

These offices perform the ordinary functions of exchanging telegraphic messages between the principal localities in Palestine and also connect Palestine with Egypt, Lebanon, Syria and Trans-Jordan. The number of telegrams handled during the period 1924-1937 is included in a special column in Appendix VI, A.

Facilities are also available for the quick transfer of funds between the important towns and villages of Palestine by means of the Telegraph Money Order Service. The orders are issued in any amounts up to a maximum of £P. 40.000.¹⁴⁰ Foreign telegraphic orders, subject to the same maximum limit, may be obtained for payment in Egypt, the United Kingdom, Irish Free State and Trans-Jordan.¹⁴¹

Radio-telegraphic connections with the rest of the world are maintained *via* Eastern, Marconi and Radio Orient. The rates charged differ according to destination. Deferred telegrams are charged almost exactly 50% of the rate for ordinary telegrams, while urgent telegrams are charged double the ordinary rate.¹⁴²

C. TELEPHONIC SERVICES.

The public telephone system of Palestine, as previously mentioned, is a post-War development. Its growth has, however, been very rapid and extensive. At the present time, almost all the towns and villages in Palestine are included in the network of the telephone system, and the demand for the service continues with increasing intensity.

Appendix VI, C. throws some light on the extent of development during the period 1924-1937.

The use of telephonic communication with foreign countries is also becoming more and more widespread. Direct communication with Egypt, Trans-Jordan, Iraq, Syria and Lebanon is facilitated by a trunk service. Radio-telephonic service *via* Egypt and England was inaugurated in 1933. The new service is available at all exchanges in Palestine and enables Palestinians to reach 95% of the world's telephones.¹⁴³

The local broadcasting station at Rāmallah was formally inaugurated on the 30th of March, 1936. The studios, which are now temporarily installed in a rented building, will be moved to the new General Post Office in Jerusalem. Daily programs are broadcast in the three official languages. Loud-speaker receiving sets have been installed in a number

140. *Ibid.*, 1936, p. 345.

141. *Ibid.*

142. *Ibid.*, 341.

143. *Report on Palestine and Trans-Jordan*, 1933, p. 210.

of villages for disseminating news and also for recreational and educational purposes. The number of wireless receiving licences has been growing very rapidly during the last few years. The figures for the last six years are as follows —¹⁴⁴

1931	486	1934	5900
1932	900	1935	12,172
1933	2500	1936	20,388

¹⁴⁴ Office of Statistics *General Monthly Bulletin* April 1937 p. 24

CHAPTER VII
INTERNAL TRADE

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CHAPTER VII

INTERNAL TRADE¹

I. Relation of Agriculture, Industry and Social Factors to Palestine's Internal Trade

The post-War economic development and social changes have had great effect upon the extent, organization and working of Palestine's internal trade.

Agricultural production in Palestine has increased appreciably since 1924. Estimates of the value of all kinds of agricultural production, in terms of wholesale prices, are as follows :—

1925	£P. 5,000,000 ²
1930-31	6,000,000 ³
1937	7,050,000 ⁴

Great changes in the relative importance of crops have also taken place. The importance of cereals and legumes is decreasing,⁵ while the proportion of horticulture, and of citrus fruits especially, is greatly increasing.

Palestine's agriculture is to a large extent independent of the market. The market dependency of the whole of Palestine's agriculture is roughly 55 per cent of the total agricultural production. The orange trade predominates, then there follow in order of importance, cereals and legumes, melons, vegetables and milk. If the orange trade is excluded, only about 45 per cent of Palestine's agricultural production is dependent upon the market.

1. In the writing of this chapter the author has drawn freely upon his M.A. Thesis entitled *Internal Trade of Palestine*, written in 1935, and kept in the Library of the American University of Beirut. By internal trade is meant the marketing of commodities only; trade with means of production, as land, capital and labor, is not dealt with.

2. S. E. Soskin, *The Escape from the Impasse* (Tel Aviv, 1927), pp. 14 and 16.

3. "A Brief Guide to Economic Palestine" *Palestine and Near East Economic Magazine*, 1931, p. 381.

4. See Chapter IV, p. 121.

5. Especially if expressed and compared in monetary units.

The market dependency of different types of farms, however, varies considerably. The highest rate, nearly 100 per cent of market dependency is presented by the fruit growing farms. An intermediate position is that of the modern diversified farms, the rate of market dependency of Jewish cooperative settlements was in 1930 about 47 per cent and of the Jewish small holders settlements 57.9 per cent.⁶ The lowest rate is shown by the general non-specialized farms of the *jellahin*. Their market dependency does not exceed much 20 per cent of the value of their production.

Comparing the last figure with the corresponding rate in the United States of America which is 60-70 per cent.⁷ one sees a more striking difference in market dependency. The lack of wide local and foreign markets, the poor internal transport conditions, the conservative spirit of the *jellah*, the small size of the average farm, the large number of tenancy holdings (especially the predominance of share tenancy), the low ratio of employment of paid labor and the low average amount of capital invested in the farm, are all responsible for the self-sufficiency of the *jellah's* farm.

But there are considerable indications of a change in this state of conditions. The increase in horticulture, the increase of the local market, the application of modern methods of cultivation and the capitalistic spirit invading Palestine's agriculture and industry will bring about an increase in the market dependency of the general farmer. Furthermore, the settlement on the land of people with a high standard of living who can make a livelihood by producing for the market and purchasing from the market will encourage others to adopt modern agricultural methods and the cultivation of cash crops.

Industrial production has also been increasing in a rapid manner. The output of Palestine's industry rose from £P 3,890,000⁸ in 1927 to about £P 7,000,000⁹ in 1935. In spite of the increase in industrial

⁶ Calculated on the basis of the figures given by D. Gurevich "Census of Agricultural Settlements, Established and Financed by the Jewish Agency", *Palestine and Middle East Economic Magazine* Vol. VI No. 10-11 Tables 20 and 21.

⁷ F. R. Yoder *Introduction to Agricultural Economics* (New York, 1929) p. 62.

⁸ Government of Palestine *First Census of Industries 1928* (Jerusalem Department of Customs, Excise and Trade 1929). Henceforth this work will be referred to as *Government Census of Industries 1928*.

⁹ *Report to the Council of the League of Nations on the Administration of Palestine and Trans Jordan* (henceforth referred to as *Report to the League of Nations*) 1935 p. 22. There are higher estimates but as they include production of many small enterprises and of many enterprises which are not strictly industrial they are not used here. Official estimates for more recent years are not available.

production, however, local industry is still infant when compared with that in industrial countries. This is indicated by the low average size of industrial enterprises as regards capital, number of employed workers and output.¹⁰

There are no very recent data of the degree of market dependency of Palestine's industry, but evidences are found which show that it is lower than in industrial countries and that the trade channels are generally shorter. In 1927, only about 85 per cent of industrial production was marketed. The comparatively low market dependency is shown by the fact that some of the principal industries do not own the raw materials they use. Chief among these industries are the flour-mills and olive oil presses. For the most part, flour-mills do not own the wheat they grind and the olive oil presses do not own the olives they press. The flour and oil are made mainly for the needs of the owners or for others against payment. That trade channels are shorter than in the more developed countries is shown by two facts. In the first place, most of the small-scale enterprises, especially those which depend upon raw materials of foreign origin, cater mainly to nearby local markets. In general, these enterprises are able to compete with foreign establishments only in those branches where the proximity of the consumer is in their favor. Under such conditions marketing takes place either directly or through short-trade channels. In the second place, the production of goods for immediate consumption, such as foodstuffs, forms the greater part of the total output of Palestine's industry. This is a common feature of all undeveloped countries. Intermediate trade between different undertakings is, therefore, less extensive in Palestine than it is in countries with a more developed organization. It remains true, however, that the market dependency and the marketing organization of Palestine's industry have developed considerably since the War.

In addition to the growth of agricultural and industrial production, other factors have helped to develop the local market. Chief among these are immigration, change of taste among the natives, influx of capital, the increase in number of tourists, the urbanization of the population, the rise in the standard of living and the improvement in methods of cultivation and transportation. These factors have developed the local market qualitatively as well as quantitatively. Immigration of people of a comparatively high standard of living and of western tastes has in-

10. For particulars see Chapter V.

creased and diversified the demand for goods of quality. Besides, an apparent movement from oriental to western goods is seen among the natives. A special feature of Palestine's trade is the relatively high share of goods destined for capital investments out of total goods handled. This is due to the settlement activities and the economic transition through which Palestine is passing.

The rise in the standard of living of the different classes of the population, however, shows considerable differences. The *jellah's* income rises much more slowly than that of the urban laborer. The yearly income of a *jellah's* family of 6 persons varies from £P 20, of a tenant, to £P 35 20, of an owner-cultivator.¹¹ A considerable proportion of this income is absorbed by exorbitant interest charges on the *jellah's* indebtedness. Due to his small net income and his high self-sufficiency, traders supplying the *jellah* must present cheap and simple goods, keep small stocks, and operate with primitive methods and low costs.

II Chief Characteristics of Palestine's Trade

A CHARACTERISTICS OF PALESTINE'S TRADE IN GENERAL

An examination of the sources of goods entering Palestine's market reveals the importance of imports in internal trade. In 1935, total imports amounted to £P 17,853,000, while total agricultural production amounted to £P 6,571,000 and total industrial production was about £P 7,000,000. The fact that imports were in 1935 about 1 1/3 times the total of both industrial and agricultural production, is evidence of the very low degree of self-sufficiency of Palestine. The predominant position of imported goods in internal trade has a great influence on trade channels and methods of business.

Of the estimated total of industrial and agricultural production amounting to £P 13,571,000 in 1935, the exports amounted to £P 4,215,000. The comparatively high ratio of exports to total local output is due to the relatively undiversified character of Palestine's production.

In 1931 the total number of wage-earners occupied in Palestine's

¹¹ W J Johnson and R.E.H. Crosbie *Report of a Committee on the economic condition of Agriculturists in Palestine and the fiscal measures of Government in relation thereto* (1930), pp. 23 and 18.

trade was 28,751¹², constituting 10.2 per cent of the total settled wage earners.¹³ In 1931 there were 33.7 consumers for every person engaged in trade.¹⁴ Considering the relatively low standard of living of Palestine and the limited extent of the market, the number of traders in Palestine seems to be greater than the need justifies.

The mercantile class in Palestine is composed of many nationalities. In addition to the natives there are a great number of Europeans, some of whom have been there for several generations and others who have come as recent Jewish immigrants. The variety of nationalities of the Palestinian merchants and their different temperaments have marked influence on trade and methods of trade.

In 1931, 16.42 per cent of the total Jewish population, 11.95 per cent of the Christian and 8.18 per cent of the Moslem populations¹⁵ were supported by trade. The Jewish traders constituted 36.8 per cent of the total number of traders at a time when the Jews were only 18.01 per cent of the total settled population. This shows that the Jews are more extensively represented in trade than the other communities.¹⁶

National specialization in trade is determined in the first place by the economic and social connection with the producers. In all primitive countries trade is merely a matter of confidence. Merchants are not able to open credits for long periods to the farmers without knowing about their honesty and ability to pay debts. The farmers, being illiterate and unaware of price fluctuations, need to be confident that the merchants are not exploiting their ignorance. Secondly, trade is to a great extent traditional. Traditions in methods and source of supply play an important role. Consequently, dealers who have specialized in certain goods can supply the increased demands of such goods with less risk and at lower costs. Therefore, we find the Arabs specializing in the trade of goods which are supplied by the *fellahin* of Palestine, or of the neighboring countries, and also in such goods as rice, coffee and other grocery

12. This figure does not correspond with the figure given by E. Mills, *Census of Palestine, 1931*, (Alexandria, 1933), Vol. I, p. 290, as the above figure excludes earners engaged in banks and credit establishments and includes one third of the group 174 (merchants, general) and two thirds of the group 175 (clerks).

13. In 1930 the corresponding percentage in the United States of America was 12.45%, calculated from the figures of : U.S.A., Department of Commerce, *Statistical Abstract*, 1932, (Washington, 1933) Tables 44 and 52 p. 58 ff.

14. The corresponding figures in the U.S.A. were 24.8 consumers in 1920 and 20.2 in 1930, according to *Statistical Abstract* of the U.S.A., 1932, Table 4, p. 2, and Table 44, p. 58.

15. *Census of Palestine, 1931*, Vol. I, Subsidiary Table II, p. 315.

16. In 1931, there were 16.5 consumers for each Jewish trader.

staples which always meet the bulk and uniform demand of the *fellahim*. The Arab wholesalers supply considerable quantities of such goods to Jewish retailers.

On the other hand, taste, as well as an understanding of technical requirements and a knowledge of sources of supply, are important factors in national specialization in trade. Thus immigrants coming from various parts of Europe being more cognizant of conditions there, can more readily find foreign dealers with satisfactory terms. As a result, wholesale trade in building materials, furniture, textiles, wine, etc., has been predominantly in Jewish hands.¹⁷

But also among traders of the Arab community certain features of specialization are apparent. The Moslems are occupied in those trades which satisfy the primary necessities of life, while the Christians predominate in trades of luxury articles.¹⁸ This specialization in trade is due mainly to the corresponding specialization in production.

The relative importance of the different branches and groups of trade may be shown by the number of persons engaged and the value of sales of each branch. In 1931, persons engaged in the foodstuff trade and in hotels and restaurants constituted 57.3 per cent of the total number of persons occupied in trade.¹⁹ The proportions of people engaged in other important branches of trade were as follows: in the textile trade 6.9 per cent, in peddling 6.8 per cent, in brokerage, commission and export 4.8 per cent and in ready made clothing and toilet articles 3.4 per cent.²⁰ The high proportion of persons engaged in selling foodstuffs and in hotels and restaurants is due, in the first place, to the low standard of living and the small income of the bulk of the population, the *fellahim*. A large part of this income is spent on foodstuffs. Moreover, the above percentage would have been higher were it not for the self sufficiency of the *fellah*. In the second place, the nature of the foodstuffs trade is such that it employs a great number of persons.

Of those engaged in the foodstuff trade, only a very small number

¹⁷ This situation was true especially until 1933. How far it has changed in the boom years it is not yet possible to judge.

¹⁸ Abramowitz, *The Structure of the Arab Population*. *Meshek Shituf* fortnightly Hebrew publication of the General Cooperative Association of Jewish Labor in Palestine. *Hevrat Ovdim*, Ltd. supplement to *Do'ar* (Jewish daily, Tel Aviv) Vol. II, No. 7 p. 96.

¹⁹ Based on *Census of Palestine 1931*.

²⁰ *Ibid*.

were engaged in the trade of grains and citrus fruits. The citrus trade performs collecting functions mainly, as most of the crop is exported, and thus does not require the services of many people.²¹ Those engaged in the grain trade also perform only collecting and intermediary functions between producer, miller and baker. Another reason for the small number of middlemen is the fact that the cultivation of grains by the farmers is mainly for their own use. The market is furnished largely by imported grain, which is marketed by a few merchants.

The proportion of peddlers in Palestine is exceptionally large. In 1931 there were 497 persons for each peddler. The importance of the peddlers is being reduced, however, by the concentration of the rural population in big villages and the fact that the *jellahin* during their spare time visit the neighboring town to buy their requirements.

The relatively high proportion of brokers, commission agents and exporters is explained by the fact that Palestine's industry is not yet sufficiently developed to employ wholesalers in the distribution of its products. Here the commission men predominate. Also, the agriculturists show considerable dependence on brokers. The illiteracy and lack of confidence of the *jellah* make it necessary that some one should assure him that the prices and conditions offered are the best.

There are no figures to show the volume of sales of the various branches of trade for Palestine as a whole. According to the census taken by the Jewish Agency in 1931,²² the sales of the various branches of Jewish retail trade, in proportion to total Jewish retail sales, were as follows :—

Foodstuffs and restaurants	52.2%
Textiles	17.7%
Furniture and hardware	5.3%
Other branches	24.8%

For the whole of Palestine the relative importance of trade in foodstuffs is much greater than is shown by the figures of the Jewish Agency, and consequently, all of the other branches of trade fall considerably behind. This deduction is made on the basis of a comparison of the proportion of persons engaged in the foodstuff trade for Palestine as a whole and for the Jewish community. Whereas the proportion for Palestine as a whole in 1931 was 57.3 per cent, for the Jewish community

21. An additional reason is the fact that according to the census of population, people not actually engaged in selling or buying activities, are included under "officials, etc."

22. D. Gurevich, *Census of Jewish Retail and Wholesale Distribution, 1931*.

it was 41.6 per cent.²³ The relative importance of trade in foodstuffs would have been still greater were it not for the high self-sufficiency of the *jellah*.

Since the *jellah* produces most of his necessities the relative importance of trade in other branches than foodstuffs is thereby increased. The high share of foodstuffs in trade indicates once more the comparatively undeveloped state of Palestine's trade.

B CHARACTERISTICS OF WHOLESALE TRADE

Wholesale business in Palestine takes mainly the individual form of organization. Partnerships exist but these are chiefly among members of the same family or among Europeans. Out of the total number of Jewish wholesale trade establishments in 1931 66 per cent were sole proprietorships, 27 per cent were partnerships and 7 per cent were corporations and cooperatives.²⁴ The sole proprietorships predominate in the foodstuff trade. They are also found to a considerable extent in the textile trade. Individual enterprise is also common in the furniture trade. Partnerships are mainly represented in the wholesale trade of building materials, garments and textiles. The cooperative form of business has been developed mainly in the citrus fruits trade. In the export trade, first place is held by the cooperative system of business, then follow the partnerships and the sole proprietorships. In the import trade and in trade in local products the sole proprietorships come first.

According to the returns of the Census of Jewish Trade in 1931, the average value of sales of a wholesale enterprise was £P 20,600 per annum.²⁵ This census classified the citrus trading and export establishments under wholesale enterprises. The average value of sales of a typical wholesale enterprise was only £P 14,100.²⁶ The corresponding figure for a typical wholesale enterprise in the United States of America for 1929 was about £P 67,560.²⁷ Since 1930 however, the volume of sales in wholesale trade has increased rapidly and considerably as a result of the great increase in imports and exports. It is difficult to

23 According to the figures given by *Census of Palestine 1931* Vol II pp. 290 ff. the percentage of Jews occupied in the trade of foodstuffs, in restaurants and in hotels was 41.6 per cent.

24 G. Cyderovitz, Jewish Wholesale Trade, *Meshek Shitufi* Vol II p. 146.

25 *Ibid.* p. 149. The number of establishments enumerated was 184, the total value of their sales £P 3,800,000.

26 Citrus establishments excluded.

27 Nathan et Eagle, Economic Phases of the Wholesale Market, *American Economic Review* June 1933 Vol XXIII No 2 p. 190.

determine the distribution of sales in the wholesale and retail trades and in the different branches of trade. This is because there is no clear distinction between wholesalers and retailers in Palestine. There are wholesalers with an average yearly volume of sales of only £P. 1,000, others with over £P. 100,000.²⁸ The typical group of Palestine's wholesale trade is that which has an annual turnover of £P. 10,000 to £P. 25,000.

Wholesale dealers in textiles and garments are mainly of two groups. One having a yearly turnover of £P. 5,000 or less and others with annual sales of £P. 25,000 to 50,000. A similar state exists regarding dealers in foodstuffs and grocers. This coexistence of large- and small-scale wholesale enterprises in the trade in foodstuffs and groceries as well as in that in garments and textiles can be explained by the fact that these branches have longer trade channels than other branches of trade. There are certain wholesalers who merely import the textiles and foodstuffs from abroad and others who distribute these goods to the retailers. These latter fulfill not only marketing but other functions as well, and the volume of their sales is smaller.

The wholesale trade of building materials and hardware is in the intermediate stage, the volume of sales being mostly between £P. 5,000 and £P. 50,000.

According to the returns of the census of Jewish trade of 1931, the average amount of individual capital invested in a wholesale enterprise was about £P. 3,350.²⁹ The average capital of a wholesale establishment dealing with citrus fruits and that of an establishment dealing in building materials was £P. 4,000 to £P. 5,000. The average capital of grocers and those dealing with foodstuffs was about £P. 3,000.

In 1931, the average number of persons occupied (both paid and unpaid) per Jewish wholesale enterprise was 3.7.³⁰ In the United States of America the corresponding figure was 9.4.³¹ The value of sales per person occupied in Jewish wholesale trade was £P. 5,560 (or £P. 3,810 if citrus trade is excluded). In the United States of America it was £P. 8,630. Of the total number of persons occupied in Jewish wholesale trade 59 per cent were paid laborers.

A considerable part of Palestine's imports is handled by commission agents and not by wholesalers proper. Moreover, the distribution of the

28. G. Cyderovitz, *Meshek-Shitufi*, Vol. II, pp. 116-117.

29. *Ibid.*, p. 116.

30. Based on the figures published by G. Cyderovitz, *Meshek-Shitufi*, Vol. II, p. 116.

31. *Statistical Abstract of the U.S.A.*, 1932, Table 783, p. 787.

products of the local larger sized industrial enterprises is mainly carried on by such agents. The commission agents are, therefore, an important factor in Palestine's wholesale trade.

According to the data of the Jewish census of trade, the average value of sales per commission agent's establishment in 1931 was £P 27,740³². This figure is only about two times greater than the corresponding figure for wholesale enterprises if citrus trading establishments are excluded.

The relative importance of the commission agent is still further shown by comparing the average number of persons occupied per establishment. The average for a commission agency was 3.82 in 1931, whereas for the wholesale enterprise it was only 3.7. This fact is surprising, because usually the commission firms require a smaller number of persons than wholesale enterprises, for the former are engaged only as intermediaries between sellers and buyers and not in the handling of goods. This indicates that commission agents in Palestine deal to a great extent with retailers and not with wholesalers, so that many of the functions of the wholesaler are performed by the commission agents.

C CHARACTERISTICS OF RETAIL TRADE.

The individual form of ownership predominates in the retail trade of the country. The number of partnerships is considerably less than wholesale trade, while cooperatives and corporations are very few³³. This is a characteristic feature of all the countries of the Near East.

According to the figures of the Jewish census of trade of 1931, the yearly value of sales per Jewish retail establishment was £P. 1,120³⁴. The average volume of business per establishment was £P. 1,420 in Haifa, £P. 1,357 in Tel Aviv, and £P. 970 in Jerusalem, while in other towns and villages it was less than the average for Jewish retail trade in the country as a whole³⁵.

³² *Census of Jewish Retail and Wholesale Distribution, 1931*, p. 15 ff. The value of sales of 81 commission agents who made returns was £P 2,247,000.

³³ According to G. Cyderovitz, "Jewish Retail Trade", *Meshek-Shituf*, Vol II, p. 46, out of total Jewish retail enterprises there were, in 1931, 89.1% sole proprietorships, 10.2% partnerships, and 0.7% corporations and cooperatives. In the United States of America in 1930 the share of corporations and cooperatives was not less than 15.9%. See U.S. Department of Commerce, *Distribution*, Vol I, Retail Distribution (Washington, 1933), p. 8 ff.

³⁴ G. Cyderovitz, *Meshek Shituf*, Vol II, p. 48.

³⁵ *Ibid*.

The average value of sales per retail enterprise of all the communities in Palestine is considerably lower. Due to the lower income of the Arab population, their higher self-sufficiency and their smaller concentration in towns, the average sales of a retail store catering to the Arabs must be considerably less. This is obvious if one compares the stock on hand of a store located in a Jewish village with one in an Arab village. In the latter case, the quantity and variety of goods handled is comparatively smaller than in the former.

According to the Jewish census of trade of 1931, about 87.7 per cent of the total number of Jewish retailing establishments had a yearly value of business of less than £P. 2,000, the value of their sales being 47.3 per cent of the total sales.³⁶ In other words, one half of the retail transactions were performed by stores with a value of sales of less than £P. 2,000. The typical Jewish retail store in Palestine showed an average value of sales of £P. 1,000-2,000 per annum. Enterprises with sales of £P. 5,000 and over were concentrated in the large towns. Even there, modern large-scale retail establishments were lacking. This was due to the fact that until 1931 there were no towns with a population of more than a hundred thousand.

The average annual sales per Jewish retail establishment of the different branches were in 1931:—³⁷

Foodstuffs and groceries	£P. 828
Furniture and hardware	1,561
Textiles and garments	1,166
Building materials	4,704
Other branches	1,150

These figures indicate that retailing in foodstuffs was primitive. The high average sales of retailers of building materials are explained not only by the high value of unit transaction, but also by the fact that such enterprises were often engaged in wholesaling as well.

According to the census of Jewish trade of 1931, the average own capital invested per Jewish retail store was £P. 436.5.³⁸ The average capital invested in an individual retail shop was £P. 235, in a partnership, £P. 1,362, and in a corporation or cooperative shop £P. 2,570. The

36. G. Cyderovitz, *Meshek-Shitufi*, Vol. II, p. 83.

37. Calculated on the basis of figures published in *Ibid.*, p. 49.

38. Calculations based on the figures published in *Ibid.*, p. 48.

average capital invested per retail enterprise in the various branches was —³⁹

Foodstuffs and groceries	£P 157 6
Textiles	708 9
Furniture and hardware	604 1
Building materials	2,453 6
Other branches	518 6

The above are figures for Jewish retail trade. It is reasonable to assume that for the whole of Palestine the capital invested per retail store was less. According to the foregoing figures for capital investment of Jewish retail enterprises, the foodstuff stores show the lowest capital investment. As the foodstuff and general stores in the rural districts predominate especially in the Arab community, it may be deduced that the own capital invested in the average Palestinian retail store is less than the average figure for Jewish retail establishments.

The capital turnover or ratio of sales to own capital for all kinds of Jewish retail trade was 2 56,⁴⁰ a low ratio in comparison with the capital turnover in more advanced countries. It was highest for food stuff retailing establishments.

According to the Jewish census of trade of 1931, there were on the average 1 97 persons occupied per retail store.⁴¹ This ratio varied from branch to branch as follows —

Foodstuffs	1 76 persons
Textiles	1 94 "
Furniture	1 98 "
Hotels and restaurants	2 71 "
Other trades	2 11 "

The value of sales per person occupied in the different branches of retailing varied considerably, from £P 471 in the foodstuff trade, to £P 600 in the textile trade, to £P 788 in the furniture and hardware trade, and £P 1,775 in the trade of building materials.

Of the total number of persons occupied in Jewish retail trade, there were 52 8 per cent who were owners, 26 9 per cent dependents and only 20 3 per cent employees. About 78 per cent of the retail stores did not employ any hired labor.

³⁹ Ibid.

⁴⁰ £P 1 120 to £P 436 5.

⁴¹ The corresponding figure for the United States of America was 3 9 for Canada 3 2.

III. Marketing Channels and Agencies

A. DIRECT MARKETING.⁴²

Direct marketing is particularly important in the sale of perishable agricultural products. Market conditions in general and the composition of his crop make the *fellah* resort to direct marketing by eliminating the middleman in the trade of perishables. The *fellah* was until recently mainly self-supplying. The surplus in grains went to the money-lender.⁴³ The *fellah's* dairy, poultry, fruits and vegetables constituted a small part of his total output. Since a variation in the prices of these products could not greatly affect his living conditions, he was not forced to sell to merchants in order to avoid the risk of a drop in prices. The prices of perishables fluctuated vigorously. Lack of confidence and the lack of organized produce exchanges or auctions and reliable market quotations made it difficult for the *fellah* to follow the price movements and to check on the middlemen. The *fellah* preferred to take his products to the market when he went to buy his supplies. Lastly, regularity of supply and continuity in demand, as well as the perishable quality of these products, made direct marketing more practicable for dairy and poultry products.

However, considering the small size of Palestine and the comparatively primitive state of its economic life, the extent of direct marketing is rather limited. This is due to the fact that relative to other countries, a small proportion of Palestine's requirements in agricultural products is supplied by local agriculture. Due to the concentration of the population in the coastal districts, the growth of the towns, the increase of specialization in agriculture and its increasing market dependency, the importance of direct marketing will decline even more in the future.

Direct marketing exists to a smaller extent in the sale of industrial goods. The elimination of middlemen in the distribution of goods produced by handicraft industries means an economy in their costs of distribution which helps to cover the higher costs of production, and thus enables them to compete with foreign goods produced on a large scale. The larger enterprises, however, are not able to eliminate middlemen. The main branches of Palestine's industry—the industries of chemicals

42. According to P. D. Converse, *Marketing Methods and Policies*, 2nd edition, (New York, 1929), p. 140, direct marketing implies the proposition: "That all middlemen are eliminated and the producers sell directly to consumers".

43. See p. 363.

and foodstuffs—distribute their products by middlemen. The developed demand and the small unit value of these products do not favor direct marketing. A considerable part, however, of the output of the industry of building materials is sold directly to the consumer when the order represents a large amount.

With the industrialization of Palestine on modern lines, direct marketing of manufactured goods will probably decline further in importance. It will take a long time before consumers' cooperatives will become strong enough to open industrial plants to furnish their own requirements.

As to the methods of direct marketing, they differ according to the products marketed. The direct marketing of agricultural products takes place in farm produce markets, in bazaars and by peddling. The most important farm produce markets are the same as those of the last century, namely Lydda, Gaza, Acre, Safad, Nâblus, Nazareth, Râmallah, Jerusalem, Jaffa and Haifa. The goods are chiefly animals, fruits, cereals, vegetables, poultry and dairy products. In many of these markets wholesalers and retailers, as well as consumers, take part. In the bazaars the *fellah* does not often sell his goods to the consumer but to the merchants there, who in turn dispose of the goods to passing purchasers or keep them for their own use. The farmers living near the towns distribute most of their perishable products by peddling. Often they have regular customers.⁴⁴ In this way the consumer is often served more cheaply and satisfactorily than by retailers.⁴⁵

The direct marketing of manufactured goods takes place in bazaars, in shops and in the industrial establishments themselves. The bazaar is not only a trading center. Many artisans have their shops there. Therefore, the bazaar presents a center of producing and marketing methods of the most primitive form. The concentration of identical handicraft establishments in the same bazaar enables the consumer to compare conveniently prices and quality. The consumer therefore believes that he can utilize competition and bargaining to the highest possible advantage. This explains why the *fellah* prefers to purchase in the bazaars. Also, up-to-date tailors, garment producers, etc., are situated in the shopping

44 The same practice exists among modern farmers who distribute their goods by motorcycle and regularly visit their customers.

45 Although Palestine is a fruit growing and a tourist country, little use is made of roadside selling. For roadside selling the local consumer is more important than the hurrying tourist. But as week-end driving out of towns is not practiced much trading in this way is not common.

districts and try to compete with manufacturers on a larger scale by giving consideration to the special needs and wants of the consumer. Direct marketing inside industrial establishments is confined mainly to iron and metal works. There the buyer also receives the necessary technical aid and information required.

In brief, the advantages of direct marketing are generally higher net prices to the producer, a better utilization of his free time, which otherwise might be wasted, an opening of new fields for the small manufacturers, and often better service for the consumer.

However, there are some disadvantages. The marketing activities may distract the producer from his main occupation. It is probable that the farmer by concentrating only on farming might secure better results. Waste is incurred because many farmers do the same extra work which could be performed by one merchant or an employee of a farmers' co-operative. Instead of transporting small quantities, which means loss of time, modern means of transportation could be used to advantage. As it is not practicable for the farmer to sort his small quantities of goods, he naturally receives a lower average price for them. The purchaser subtracts an amount to allow for bad quality. Often the farmer is not able to dispose of all his products by direct marketing and has to resort to the services of wholesalers or retailers. In such cases, the *fellah* has to suffer a reduction in price, so that his profits from direct marketing are often diminished by the losses incurred in the remaining stock.

With the increasing demand for commodities of better quality, the *fellah* finds his market more and more limited. The superior quality of imported goods and their better display are conquering his market. Further, the new conditions of economic and social life make direct trading more and more difficult. Therefore, it is necessary to resort to the services of producers' cooperatives or independent merchants. No doubt many advantages would result from a well-organized cooperative movement to native agriculturists, but it is questionable whether they would have the necessary confidence to support such a movement.

B. RETAIL DISTRIBUTION.⁴⁶

The agencies for retailing goods to the consumers are peddlers, market-stand and corner-stand sellers, retail stores, consumers' cooperative stores, restaurants and cafés and automotives.

46. In classifying Palestine's trade, it should be kept in mind that a clear distinction between the trading agencies is difficult. Wholesalers may undertake retail business, while retailers may also carry on some wholesale business.

1 Peddlers⁴⁷ Peddlers of agricultural products are more common in Palestine than peddlers of manufactured goods. This is because the *jellah* usually buys manufactured goods in the bazaars. The field of activity of the peddler of agricultural products increases with the growth of the town but when the demand for his goods becomes large the retail shop replaces him. The rise in the standard of living and the recent changes in the general economic conditions of Palestine have limited the field of activity of both kinds of peddlers. In the larger villages general merchandise stores have been opened. The peddler class in Palestine is gradually losing ground.

2 Market stand and corner-stand sellers⁴⁸ Stand sellers are relatively more numerous in Palestine than in Europe. This is because of the favorable climate and the fact that there is much out-of-door life.

The corner-stand seller is easily distinguished from the market stand seller. The function of the first is to increase the convenience to the customer. Therefore he follows the consumer and works until late in the night and on holidays. The function of the second is to equalize in the best way the fluctuations of demand and supply. With him quality and price of goods are very important. He deals mainly in perishables. Due to his lower fixed costs the market stand seller is able to adjust his prices to the fluctuations in demand and supply more quickly than the retailer. This kind of distribution is common in Palestine for two reasons. First, the urban population is concentrated in small towns where such markets are conveniently accessible. Secondly, the standard of living is still low and even small economies in prices are of great importance to the consumer.

3 Retail stores Retail stores in Palestine reflect a complete variety of types and different stages of development of business. Many different types can be seen in a five-minute walk through the streets of a town.

In the rural districts the general merchandise store is most common. Often such a store is operated as a subsidiary occupation to agriculture. Its stocks are foodstuffs and 'colonial goods'. Some textiles and drugs

⁴⁷ The number of peddlers has increased but their average share in the total volume of business done is decreasing.

⁴⁸ Stand sellers are to be considered as representing a more progressive form of selling than the peddlers, but they cannot be classified under store-keeping retailers. Beverages, ice cream, cigarettes, magazines and newspapers are sold by corner stands, fish, meat and other perishables by market stands.

are also sold. The stock is poor in quantity and quality. Window display and advertising do not exist.

Retailers of foodstuffs, textiles, drugs, garments and hardware as well as artisans in the bazaars are concentrated. Peddlers of different kinds are also to be found there. In these bazaars the *fellah* is able to secure all that he needs. He also takes advantage of the competition prevailing there. As the competition is keen, the shopkeepers look for the cheapest dealers for their supplies. Therefore, they are not able to deal in goods of high quality or modern style.

The "convenience store" in Palestine has the character of a general store. It deals not only in foodstuffs and groceries, but also, particularly in the suburbs, in goods which are carried by the shopping stores. Its stocks are usually small, the turnover high, and the profits low if the risk of credit be considered. The "convenience store" keeper often opens monthly credit accounts to his customers, and even credit for longer periods. In this way he tries to avoid the price-cutting that results from competition.⁴⁹

The shopping stores deal in textiles, garments, hardware, furniture, etc. The goods handled show the greatest variation in style and kind. In some of these stores the prices are fixed, while in others, bargaining is the rule. The shopping stores thrive especially on the surrounding rural districts. With the increase in Palestine's population and the rise in its standard of living, the number of both variety and specialty stores tend to increase.

The specialty stores deal mainly with electrical appliances, automobiles, radios, instruments, accessories, etc. Their number increases with the industrial development of Palestine and with the spread of technical knowledge among the population. Before and shortly after the World War specialty goods were ordered directly from Europe.⁵⁰

It may seem rather strange to find chain stores in Palestine when there are no well-established department stores. The chain store is a more modern form of retailing than the department store; at least in the United States of America and Europe the department store developed first. The establishment of chain stores is due to the presence of European buyers, who have a relatively high standard of living and are accustomed to European methods of purchasing. For the same reason,

49. This policy involves considerable risks. Many of the clients are tempted to buy or consume more than they are able to pay for. In time of depression it results in "frozen" credits.

50. Palestine, Department of Customs, Excise and Trade, *The Palestine Commercial Bulletin*, 1923, Vol. III, p. 114.

the chain stores in Palestine deal mostly in goods of high quality, while in the United States they sell products of various qualities. On the other hand, the small number of Europeans and the small size of the towns do not justify the establishment of department stores

As the principal chain stores in Palestine deal mainly in groceries where competition is keen, their managers try to avoid competition by selling certain foreign brands of high quality, securing at the same time the sole representation of the brand for the whole of Palestine

With the increase in immigration, chain stores dealing in textiles, garments stationery, books and toys have been established. These chain stores are quite different from the grocery chain stores. While the chain stores dealing mainly in groceries are more similar to department stores or general stores the latter specialize in only a few products

Some of the chain stores have centralized bookkeeping and auditing departments. The goods are numbered and the selling prices fixed. A constant inventory is kept and the stocks are often checked

The chain store is perhaps the best modern form of retail selling for Palestine. It does not require a great concentration of consumers and has all the advantages of large scale purchasing. Three factors, however, would seem to handicap the development of chain stores in Palestine. In the first place, the chain store needs considerable capital for successful operation and large capitalists are not attracted to the retail business in Palestine. In the second place, the majority of Palestine's population are not yet accustomed to modern methods of marketing and price-fixing. Another factor is the keen competition among retailers and the higher fixed costs of the chain store. These factors make it difficult to judge how fast and to what extent chain stores will develop in Palestine

4 The consumers' cooperative store. The development of this type has been hindered by the extension of credit to consumers by the grocers, the inelasticity in price fixing, the poor spirit of cooperation among its members, the keen competition of the convenience and other stores, and the fall in world prices

5 Restaurants and cafés. In Palestine, restaurants and cafés play a more important part in retail selling than in most other countries. This is a result of the warm climate, the outdoor life, the immigration of bachelors and the extensive tourist trade

6 Automotives. Until recently vending machines were unknown in Palestine. The easy accessibility of the convenience store, the number

of peddlers and corner stands and a lack of confidence in the unfamiliar were not favorable to the operation of these machines. Only recently there has been noticed a few attempts to operate such machines. Whether these attempts will be successful is difficult to foresee at present.

C. ASSEMBLING CHANNELS AND AGENCIES.

Because of the small size of the country and the predominance of small towns, Palestine does not require a high degree of assembling and concentration of products. Features of a well-developed collecting trade have appeared only in the marketing of citrus fruits for export. The self-sufficiency of the *fellah* and the practice of direct marketing of his cash crops have hindered the development of a collecting trade for agricultural products. Nor is there much need for a collecting trade in local industry. As the demand is still small, every factory is able to supply its retailers without the necessity of assembling a considerable quantity of goods. The small scale of industry in general and its dependence to a very large extent on imported raw materials contribute to making it independent of a local collecting trade.

The chief agencies engaged in assembling are the country merchant, the frontier merchant, the money-lending merchant and the fruit-on-the-tree merchant.

1. The country merchant. The country merchant operates a small village store and grants credit in merchandise to farmers who are not heavily indebted. In turn the farmers pay him their debts in kind which he sells in the next town. In general the country merchant is not an important assembly agency.

2. The frontier merchant. The frontier merchant is to be found in Safad, Tiberias, Beisân, Gaza, Beersheba and Hebron. At certain seasons he opens his shop near the camps of the Bedouins. He supplies them with a few groceries and in turn buys all that the Bedouins have to sell. Credit transactions are not uncommon.

3. The money-lending merchant. The main assembling agency of local cereals is the money-lending merchant. He grants short- and medium-term credits to the farmers at exorbitant interest rates.⁵¹ As the *fellah* is unable to give security for what he borrows, he is bound by

51. Considering the risks often involved, the very high interest rates do not seem to be always unjustified.

a moral or, more often, a legal obligation to sell his grains through the money lending merchant, often at a disadvantage⁵²

Sometimes the money lender acts only as a commission agent. In order to avoid the Moslem religious law prohibiting the charging of interest, the rate of commission is usually made higher to include what interest might have accrued⁵³

It is difficult as yet to foresee how successful the credit cooperative movement, which has been organized and supervised by the Government for the *fellah*, will be in preventing money lending merchants from collecting the cereal crops⁵⁴. In any event, the transition to horticulture, and the introduction of modern methods of financing and marketing will gradually displace the money lending grain merchant

4 The 'fruit-on-the tree' merchant. Similarly, the limited financial status of citrus growers has led to the development of 'fruit-on-the-tree' merchants, who buy the fruit when it is still on the tree⁵⁵

The picking and packing of citrus fruit are usually done by these merchants. This results in many irregularities because the merchants are not as concerned for the reputation of Palestine's fruit as they are in securing the largest possible quantity of fruit (especially where they bear the quantity risk)⁵⁶. Usually the reduction in price for poor quality has been more than offset by the greater quantity. In case of complaints the merchants are free to change their trade marks and labels⁵⁷. This, of course, makes advertising difficult and leads to confusion and distrust on the part of the clients⁵⁸

Since the orange trade is a subsidiary occupation for most of the

52 This obligation is chiefly limited to grain crops as these appear at a certain season and can easily be controlled and handled by the money lender. The *fellah* is usually obliged to pay his debts right after harvest when prices are low

53 See S. B. Himadeh *Monetary and Banking System of Syria* (Beirut 1935) pp. 205-206. This commission method is used by the *fellah* when he thinks prices will improve. He would profit by it more if he were better informed about the seasonal fluctuations of prices and market conditions and if the moral standard of the money lending merchants were higher

54 For particulars see *infra* pp. 370-371

55 Viteles estimated that about 70% of the total citrus crop of the 1933 season was sold in this way. Viteles "The Citrus Industry in Palestine" *Hadar* (Jewish monthly journal devoted to the citrus industry) 1934 No. 45 p. 91. The merchants either buy outright the citrus fruit on the tree or they buy the whole crop but pay according to the number of cases packed or they buy a certain number of cases. In the first case speculation is the greatest, for there is not only risk of a change in market price but also risk of crop failure. In the second case as well as in the third the merchant bears only the risk of changing prices

56 Turner "The Citrus Industry in Palestine" Dept. of Agriculture, Forests and Fisheries, *Annual Reports* 1927-30 p. 46

57 Recently steps have been taken to prevent the unlimited introduction of new trade-marks

58 Committee on Agricultural Economics and Marketing *Minutes of 23rd Meeting* (11.4.1932)

merchants⁵⁹ and, since competition and risks are high in this trade,⁶⁰ there has resulted a general demoralization of marketing methods in this field. Moreover, the continued increase in the crop opens up new advertising and organization problems which cannot be solved by single merchants or even single cooperatives. What is necessary is a central agency controlled by the growers, which would grade and distribute the fruit, conduct investigations and experiments, develop new markets, purchase supplies, reduce transportation rates, secure credits, etc. Especially is there a need for a central institution whose purpose would be to organize the distribution of the crop in the different markets.

At present such an organization is lacking. The larger Jewish exporters have organized the Central Exchange of Citrus Fruit.⁶¹ The majority of the Arab exporters are united in another institution which competes with the Jewish organization. Besides, there are many merchants who ship their fruit to any market and to any broker they like.⁶² Even the organized cooperatives in the exchange did not show sufficient coordination and competed with one another as well as with other exporters.⁶³ This inadequate organization of Palestine's citrus exporters hindered the development of advantageous commercial relations between it and the South African citrus fruit industry. As the South African crop does not compete with Palestinian oranges and appears in a different season, both industries could have cooperated through one central organization which would operate throughout the entire year distributing the crops for both.

D. WHOLESALE AND INTERMEDIATE TRADE BETWEEN ASSEMBLERS AND RETAIL DISTRIBUTORS.

Wholesaling in Palestine is subject to two opposing tendencies. On the one hand, the self-sufficiency of the farmer, the extent of direct marketing, the low degree of specialization in agriculture, the short dis-

59. Reyerson, *Report of the Experts Submitted to the Joint Palestine Survey Commission* (henceforth referred to as *Report of the Experts*), Oct. 1, 1928, p. 297.

60. According to Similansky, "The merchants look upon the orange trade as on a sort of miniature Monte Carlo". In *Palestine and Near East Economic Magazine*, 1928, p. 370.

61. They exported in 1932-33 about 2½ million cases. See Mischar (pronounced mis-har) *W'taasia* (Trade and Industry Economic Magazine), Tel Aviv, 1933, Vol. XI, No. 1, p. 3.

62. At the time when in the United States of America and in South Africa about 80% of the crop was marketed through one central agency. See Viteles, *Hadar*, 1934, No. 4-5 p. 94 ff.

63. See *Hadar*, 1934, No. 4-5 p. 95.

tances between producers and consumers, the small size of the towns, the small scale of industry and its great dependence upon foreign raw materials make wholesaling unimportant. On the other hand the fact that Palestine is greatly dependent upon imports tends to make wholesaling of some importance in Palestine's trade. Another factor which favors local wholesale trade is the increase of direct purchasing from the producing countries proper thus avoiding the trading centers of the neighboring countries.

Wholesale trade in Palestine is beginning to show modern features and methods of business. Instead of the old wholesale shop, where office, stock and salesroom are all in the same place, the modern wholesale office is usually removed from the warehouse. Samples and standards are replacing the direct examination of the goods.

Until recently there has been no distinct specialization in import trade. Some of the importers deal at the same time in export, shipping and insurance business.

The number of exporting firms is considerably less than that of importing ones.⁶⁴ While the methods employed in Palestine's import trade are similar to those of the neighboring countries, the organization and methods employed in some branches of the export trade are considerably superior to those of Palestine's neighbors. Some exporting firms have specialized in the export of oranges, soaps and cereals. However, a considerable part of Palestine's industrial output is exported by the producers themselves.

Recent developments in Palestine's foreign trade have also influenced the internal wholesale trade. Due to the increase of imports, the emancipation from the neighboring trading centers namely, Alexandria and Beirut, and the recent tendencies toward a development of Palestine as a re-exporting center, the size of orders and degree of specialization have increased. These developments have affected the organization of wholesale trade. The wholesaler is unable to deal with many small supply agents. He is likewise unable to purchase all the necessary goods for the retailer in small quantities. The retailer has to buy his stock from different wholesalers or, what is more probable, smaller wholesalers may act as intermediate agents between the importing wholesalers and retailers. Signs of this new development are found in the trade of foodstuffs and of textiles.

⁶⁴ This is due not only to the smaller value of exports as compared with imports in the total foreign trade but also to the development of the strong but few citrus cooperatives.

The agencies engaged in intermediate trade between producers or assemblers and retail distributors are : wholesalers, commission agents, retailers' buying clubs and manufacturers' associations, and cooperative purchase organizations.

1. Wholesalers. Wholesalers dealing in agricultural products of local origin have been described under assembling trade.⁶⁵ Wholesalers of manufactured goods deal with local articles only as side-lines or for assortment purposes. There is a certain tendency for local industry to eliminate independent wholesalers. This is due not to the strength of local industry, as it is in highly developed industrial countries, but to its weakness. Often, by economy in distributing costs, local industry is able to cover its higher costs of production and compete with foreign producers. Consequently, Palestine's young industry is often forced to deal directly with the retailers, and the wholesalers may be excluded from the distribution of local industrial goods.

2. Commission agents. Among the agencies engaged in commission activities may be mentioned the merchandise brokers. They receive orders with the understanding that their supply agent may or may not accept the orders. These brokers often employ "sub-brokers" called "placiers", who visit the retailers trying to get orders. Some brokers are licensed by the municipalities. They deal in farm products at the local markets and get their remuneration from both seller and buyer.

Sales agents have wider powers than brokers. They represent the foreign exporting house, control the tendencies of the market, and settle complaints and disputes. With the expansion of the local market and the opening of foreign branches, their importance in foreign trade decreases.

Local industrial products are distributed mainly by sales agents. The larger local enterprises are not able to deal directly with all the numerous retailers who are spread throughout the country. The maintenance of a special selling organization would be too expensive. The services of brokers are too irregular and not sufficiently responsible and active. Therefore, sales agents manage this type of business. They push the local products and combat imports. But as Palestinian retailers have little capital, it is necessary to keep stocks in the main trading centers. In this way there have developed manufacturers' agents. The general marketing policy is prescribed and controlled by the local manufacturers, but in individual transactions the agents are free. For these

65. See *supra*, p. 363 ff.

purposes there is often chosen an efficient retailer or a smaller wholesaler

Commission men, receiving goods on consignment, are mainly represented in Palestine's export trade. In local trade they are to be found generally in the trade of perishables

3 Retailers' buying clubs and manufacturers' associations. One of the newest forms of Palestine's intermediate trade agencies is Retailers' Buying Clubs. These groups try to secure quantity discounts and eliminate wholesalers' profits. In a way, they attempt to gain the same advantages as the chain stores. Yet their success depends largely upon the honesty and financial means of their members. The limited capital at the disposal of retailers in Palestine does not allow them to bear high risks and thereby hinders the development of their Buying Clubs.

The manufacturers' associations limit their activities to procuring better prices and better selling conditions. At present, very few of these associations have their own independent marketing organizations, because of the short duration of most of the associations, the small volume of output of the factories, and the increase in demand, which makes the manufacturers desire to be free from marketing restrictions.

4 Cooperative purchase organizations. The section of citrus fruit growers of the Association of Jewish Farmers in Palestine has organized the purchases of its members on a voluntary cooperative basis. Some of the import supplies such as packing material, mineral oils and machinery are ordered in this way. Also some of the labor consumers' cooperatives, as well as the labor producers and service cooperatives, centralize their purchases through the 'Hamashbir-Hamerkazi' 66

IV Movement for the Elimination of Middlemen, the Cooperative Movement

According to Hirsch⁶⁷, the tendencies toward the elimination of middlemen are first, from the inside, or through the merchants themselves, and second, from the outside, or through the producers and consumers. The tendency of elimination originating with the merchants themselves is illustrated by the organization of retailers' purchasing clubs and the development of chain stores. The following is a discussion of the move-

66 See *infra* p. 375 ff

67 Julius Hirsch *Der moderne Handel seine Organisation und Formen und staatliche Emsenhandelspolitik*. Im Grundriss der Sozialökonomie V, Abt II Teil Tübingen 1925 2. auflage

ment for the elimination of middlemen from the outside, i.e. by the establishment of producers' and consumers' cooperatives.

A. THE COOPERATIVE MOVEMENT IN GENERAL.

Several factors have influenced the development of cooperatives in Palestine. In the first place, there is the financial factor as illustrated by the introduction of cooperation among growers of citrus fruits. Since the practice of selling the fruit on the tree to the merchant was not in the best interests of the grower, and direct dealing with foreign brokers and wholesalers was impossible for the smaller growers, the Anglo-Palestine Bank began organizing those growers who were its debtors into co-operatives.⁶⁸ In Palestine, as in many European countries, financial institutions encouraged the normalization of marketing methods. Thus financial conditions were largely responsible for the establishment of marketing societies. Secondly, Jewish institutions took an active part in the formation of cooperative societies, in order to facilitate Jewish immigration and settlement. It is to be noted that the organization of cooperatives in Palestine has proceeded mainly from the top. In most countries the establishment of cooperatives was undertaken by the members themselves. In Palestine, however, all the cooperatives, if not established by central institutions, were at least encouraged and aided by them. Jewish organizations fostered the establishment of cooperatives in order to arrive by joint action at better and quicker settlement results.⁶⁹ The development of Jewish cooperatives was facilitated by the fact that many members of the Jewish community had had contacts with cooperative movements before coming to Palestine. Jewish labor organizations strongly supported the establishment and the activities of cooperatives, motivated by the idea that the more equal distribution of income and wealth resulting from cooperation might lead to a new social order.⁷⁰ It is noticeable that the cooperative spirit predominating among members of workers' cooperatives is higher than in other cooperatives, for here, aside from a more uniform income and community of

68. Levantin, "A Retrospective View on the Cooperative Societies." *Sefer Hashana* (Jewish yearbook, Tel Aviv), 1922/3, p. 388-390.

The following institutions took an active part in the establishment of cooperatives: The Anglo-Palestine Bank, The Palestine Jewish Colonization Association, The Central Bank for Cooperative Institutions, the Workers Bank and the General Federation of Jewish Labour.

70. Wolman, *Report of the Experts, op. cit.*, p. 527.

economic interests ideological factors play their part⁷¹ In the third place the establishment of uniform rural settlements by the Jewish National Foundation and the Palestine Jewish Colonization led to the organization of cooperatives among the farmers For only through cooperative marketing and financing is the settlement farmer able to equalize his higher costs of production so that he may compete with the native farmer Finally the Palestine Government started credit co-operatives among the Arabs which may prove to be the forerunners of marketing cooperatives⁷²

The cooperative movement in Palestine has grown considerably in recent years Relative to the size of the country, it compares favorably with countries where the movement is advanced At the end of 1937 there were 1 003 cooperative societies, as compared with 792 in 1936, and 668 in 1935⁷³ The membership of 707 cooperative societies which submitted returns on September 30 1937 was 241,668 The figures for 1936 were 592 societies with a membership of 215 107⁷⁴ The share capital and contributions of the above-mentioned 707 societies amounted to £P 1 737 056 while their total own funds (share capital and contributions plus reserve funds) were £P 2,436,760 and their total borrowed funds were £P 10 752 584⁷⁵ The general cooperatives of the agricultural settlements are the most numerous and the most important They often combine production functions with marketing and credit functions

B THE AGRICULTURAL COOPERATIVES⁷⁶

The agricultural cooperative societies show more developed features than other cooperatives The homogeneity of the needs and customs of the rural population assuring a certain uniformity of demand, favor the growth of an agricultural cooperative movement Furthermore, since the competition among the merchants in the remote rural districts is weaker than in towns, it is more advantageous for the farmer to purchase and sell in the town and to do that through a cooperative organization⁷⁷ Large-scale purchasing and selling not only save him the profits of the

⁷¹ Volchenko "Economics and Ideology" *Cooperatsiya* (Jewish monthly magazine Tel Aviv) Vol. III No. 1 p. 78

⁷² W. J. Johnson and R. E. H. Crosbie *op cit.*, pp. 48-49

⁷³ *Statistical Abstract of Palestine 1937-38* p. 126

⁷⁴ *Ibid.*

⁷⁵ *Ibid.*, p. 127

⁷⁶ The agricultural cooperative societies are here dealt with in so far as they concern the field of marketing

⁷⁷ I. b. Hura tz "The Agricultural Cooperative and Its Tasks", *Cooperatsiya*, June, 1930 No. 3 p. 30

middlemen, but also result in certain handling and transport economies. Of the total of 1,003 cooperative societies on register on December 1, 1937, there were 356 agricultural societies proper and 182 rural credit societies.⁷⁸ Of the agricultural societies proper, 187 were general settlement cooperatives.⁷⁹ As the number of people in the new settlements in Palestine is small, and since the production of most of them is diversified, there is no place for highly specialized cooperatives. In the communistic or cooperative settlements, marketing functions are performed by the "settlement shop" called "Makhzan Hamoshav".

In addition to the settlement cooperatives, there are three groups of cooperatives which undertake marketing activities: the specialized producers' cooperatives, the diversified producers' cooperatives and the cooperatives of agricultural industries.

1. The specialized producers' cooperative societies. The specialized producers' cooperative societies are mainly citrus, almonds and tobacco societies of agriculturists who produce largely for the foreign market. The citrus cooperative societies are many. The most important is the Pardess Cooperative Society of Orange Growers, Ltd. of Tel Aviv. In 1933-34 it had 382 members and exported 1,184,177 cases of oranges, constituting 21.52 per cent of Palestine's total exports of citrus fruits.⁸⁰ In 1937-38 its exports were about 2,973,000 cases or about 26 per cent of total exports of citrus fruits.⁸¹ The second in importance is the "Hacklaim Cooperative" with 117 members in 1932. Their crop is partly exported and partly sold to local merchants.⁸² In 1937-38 it exported about 356,000 cases.⁸³ This society operates packing houses. In recent years many local citrus cooperatives have been established. There is one almond society, called the Almond Cooperative Society, which handles the bulk of the almond crop, and one small tobacco society, called the Tobacco Growers' Cooperative.

2. The diversified producers' cooperative societies. The diversified producers' cooperative societies are found principally in the Esdraelon and Jordan plains. Their products are milk, other dairy products, poultry, vegetables and table grapes. These products are mainly sold for the European trade in the coastal towns⁸⁴ and in Jerusalem.

78. *Statistical Abstract of Palestine, 1937-38*, p. 126.

79. *Ibid.*

80. "Pardess", *Annual Report, 1933/34*, pp. 15 and 23.

81. See *supra*, p. 142.

82. *Mischar W'taasia*, 1933, No. 1, p. 8.

83. See *supra*, p. 142.

84. Except Gaza and Acre.

Since the production storage and transport problems are difficult even for a whole settlement to solve, there has developed a national distribution cooperative called 'Tnuva', which is subdivided into 3 district cooperatives and seven local 'Tnuvas'. The district cooperatives are situated in Haifa, Tel Aviv and Jerusalem. Each receives the produce from its own district as well as some additional supplies from the northern district. The produce is distributed on a commission basis.

The national 'Tnuva' is a central institution which determines the general policy of the different 'Tnuvas', exports their products, purchases their supplies and conducts auditing and bookkeeping work. It may be looked upon as the head organization where disputes between the different 'Tnuvas' or even between the settlements are settled. The 'Tnuva' markets the produce not of individual farmers but of cooperative societies. That is because the farmers are already organized into local producers' cooperatives—the settlements—which are members of the district 'Tnuvas'.

Stressing the distribution problem the main policy of these cooperatives is to advertise their products by better display and better packing and to guarantee the freshness and purity of the goods. In this way the cooperatives try to get the consumers accustomed to standardized qualities of goods thus making their prices independent of the prices of the native farmer, and getting higher prices for the same kind of goods.

The total sales of the 'Tnuvas' amounted to £P 176 777 in 1931-32 of which £P 112,331 were for milk and dairy products.⁸⁵ Since then, the volume of sales has increased considerably, until it reached over half a million Palestinian pounds in 1936.

The 'Tnuvas' sell their vegetable products chiefly to wholesalers⁸⁶, and their milk and other dairy products to contractors, carriers and even directly to consumers. Their exports are sold through Hit on a commission basis.

3. The cooperative societies of agricultural industries. The chief examples of this group are the cooperative of wine producers of Rishon le Tsion and Zikhron Ya'akov and cooperatives for the production of citrus fruit by products. These societies manufacture standardized goods.

⁸⁵ 'Tnuva Report 1931-32' Tables I and II, p. 2 ff.

⁸⁶ There exists in the 'Tnuva' a tendency to eliminate wholesalers. 'Tnuva', Report 1931-32, pp. 69-70.

from the produce of their members and sell them jointly, doing also some marketing operations.

The wine producers' cooperative is governed by a council of all members and a board of managers who represent the various wine colonies which produce about 40,000 hectoliters per annum.⁸⁸

The wines are sold in Palestine through branches or agencies. Export to countries, where there exists a large demand, is organized through agencies, which have to be considered as branches of the cooperative since it is responsible for their debts. About 60-70 per cent of exported products is sold in this way.⁸⁹ The export to countries with a limited demand is arranged through importing merchants.

Many of the rural credit cooperative societies, such as those in Samaria and the Sharon and Esdraelon plains are also engaged in cooperative purchasing. This is made imperative by the fact that the goods purchased are of considerable value, such as machinery, tractors, etc., which are usually owned by a group of members and sometimes by the whole settlement.

C. THE COOPERATIVE MOVEMENT AMONG THE ARABS.

The Palestine Government has taken upon itself the introduction of the cooperative movement among the Arabs by organizing rural credit cooperatives. It was found much easier to start with a credit cooperative than with a marketing society which has more difficult functions to perform and which needs an efficient organization of reliable and educated employees.⁹⁰ On December 31, 1936, there were about 60 Arab credit cooperatives.

Considering the Government's policy of establishing cooperative societies among the *fellahin*, it would be advantageous to include marketing functions in the program of the credit cooperatives. This would make the *fellah* independent of the money-lending merchant. A cooperative handling of the local grain crop might bring about beneficial results, for grain can easily be standardized and graded according to quality. Arrangement of warehouses and taking advantage of seasonal fluctuations might prove a further merit of cooperation. The local village cooperative might collect the crops and be associated with district co-

88. *Palnews*, Nov. 13, 1934, pp. 1-3.

89. See Viteles "The Jewish Cooperative Movement", *Palestine and Near-East Economic Magazine*, 1929.

90. C. F. Strickland, *Report on the Possibility of Introducing a System of Agricultural Cooperation in Palestine*, (Jerusalem, 1930), p. 4.

operatives which would distribute the produce. In general, the introduction of general rural cooperative societies would raise the standard of living of the *fellah*.

D THE CONSUMERS COOPERATIVE MOVEMENT

Consumers cooperatives have not developed to a great extent in Palestine. On December 1, 1936, there were only 48 consumers' cooperatives.⁹¹ Many factors have hindered cooperation among consumers. Hoping to establish a social state in which the means of production are in the hands of the laborers themselves, the Jewish Labor Federation attaches more importance to the development of producers' than consumers' cooperatives.⁹² The competition resulting from the existence of too many retailers, especially in the Jewish communities, makes it doubtful whether the fixed costs of a cooperative store can be made low enough to be advantageous to its members. It is true that advantages may result from a large volume of sales, but this is hardly possible in Palestinian towns where special workers suburbs do not exist. Where such a concentration of workers exists, i.e., in the communistic or cooperative settlements, the settlement shop performs the function of a cooperative store. The retail grocers practice of selling on credit makes the operation of the cooperative store difficult. The return in dividends to its members is much less attractive than the convenience of buying on credit. The lack of capital obliges the consumers' cooperative to buy on credit. In the absence of cash discounts, it cannot offer its goods more cheaply. Also the policy of fixed prices puts the cooperative at a disadvantage in meeting the competition from private merchants. The further fact that many Jewish workers are bachelors, who frequently change residence, decreases the regularity of the sales of the cooperatives. The result of all the preceding factors is that the consumers' cooperatives are very weak in the towns but strong in certain rural communities.

Until 1930 the consumers' stores were more like distributing branches of the wholesale cooperative 'Hamashbir Hamerkazi' than cooperative societies. They were overcentralized, financially dependent upon one another and hardly followed sound cooperative principles. The contemporary cooperative store operates on new lines and has been established since 1930.

⁹¹ *Palestine Blue Book 1936* p. 370.

⁹² It is interesting to note that of the total number of members of the Jewish Federation of Labor only 1.5 per cent belonged to consumers' cooperatives in the towns. See *Mishkei Shidufi* Vol. II No. 6 p. 80.

'E. THE WHOLESALE COOPERATIVE—THE "HAMASHBIR HAMERKAZI".

The "Hamashbir" was established at the end of the World War to supply the workers with grain at reasonable prices. Later it commenced to organize the local consumers' societies in the settlements. It further endeavored to connect the consumers' societies as well as the different workers' organizations in the towns in an attempt to establish an independent social system among the laborers in Palestine which would be independent of the capitalistic economic system existing there.⁹³

At the end of 1930 the "Hamashbir" was reorganized as the "Hamashbir Hamerkazi" and began operations on lines compatible with the accepted principles of cooperative movements throughout the world. The aims of its statutes were to form the local consumers' cooperative societies into one institution which would supply their requirements in foodstuffs, groceries, machinery, etc. It included all the institutions of the Jewish labor movement throughout Palestine.⁹⁴ Societies registered under the cooperative law and societies affiliated into the "Hevrath-Ovdim" (General Cooperative Association of Jewish Labor in Palestine) may become members of the "Hamashbir Hamerkazi". Individuals may enter its membership only upon resolution of the general assembly.⁹⁵

In 1933 the clientele of the "Hamashbir Hamerkazi" was composed of 141 economic institutions. The total volume of sales in 1935 amounted to about £P. 750,000⁹⁶ (in 1932, £P. 89,360) which was largely taken by the rural population of Palestine.⁹⁷

The "Hamashbir Hamerkazi" also has acted as agent for the Socony Vacuum Corporation, for the Imperial Chemical Industries, Ltd., for the Manchester Wholesale Cooperative, for the Shemen Company, etc. Its association with the Manchester Wholesale Cooperative is of

93. Luft, "The Ideological Crisis in the Labour Movement in Palestine", *Hapoel Hazair* (Weekly Magazine of the Jewish Labor Party, Tel Aviv), 1928/29, Vol. XXII, No. 3, p. 7.

94. Besides the consumers' cooperatives "Hamashbir Hamerkazi" supplied: (1) Tnuva, (2) the Sick Fund "Kupat-Holim", (3) the Contracting Office of the Jewish Federation of Labor, (4) the "Yakhin" orange growers society, (5) the organization of the bee-raisers, (6) Government Institutions, (7) the producers' and service cooperatives, etc. The purchase of £P. 200 entitled each of its members to one vote. The "Hevrath-Ovdim" Ltd. was entitled to participate in all the meetings of the company and had a vetoing right on all decisions which according to its opinions were contrary to the cooperative principles or statutes of the society.

95. Statutes of the Cooperative Wholesale Society of Jewish Laborers in Palestine, "Hamashbir Hamerkazi".

96. See *supra*, p. 292.

97. *Meshek-Shitufi*, Vol. II, No. 7, p. 102.

importance, as it constitutes a link with international cooperative societies.

Certain subsidiary organizations of the cooperative movement are important for trade. The Auditing and Controlling Union, established by the Hamashbir Hamerkazi¹ jointly with the consumers' cooperative societies is a good example. Its services in securing uniform monthly statistics and reports have been considerable. The Central Bank of Cooperatives should also be mentioned for its useful activities in solving other problems of the cooperatives as well, such as bookkeeping, management organization, etc. This organization has been largely responsible for the beneficial results already obtained and is an important cog in the machinery of Palestine's development.

V Trade Centers

After the World War considerable changes took place in the location and importance of the different trading centers. Jaffa and Haifa became the main towns supplying Palestine's consumers with imported goods. This concentration became even more important with the influx of immigrants.

As a result of the building of highways and of other improvements in means of transportation and communication, the commercial centers of the interior diminished greatly in importance, while the importance of the main towns increased. The large share of the four main towns, (Jaffa, Tel Aviv, Jerusalem and Haifa) in total trade is clearly seen from the fact that in 1931, 53 per cent of the total number of Palestine's traders were concentrated in these towns; the other 47 per cent were distributed in various other towns and villages⁹⁸. While it is true, however, that the towns of the interior have a smaller share of total trade, they have retained their position if not strengthened it because of the increase in the number of consumers and the rise in their standard of living.

1. Jaffa and Tel Aviv. The two adjacent towns Jaffa and Tel Aviv are situated in the center of the citrus plantation area and constitute the modern industrial region of Palestine. The intensive building activities of Tel Aviv and its surroundings and the growth in population of this region have made Jaffa and Tel Aviv an important center for supplying

⁹⁸ *Census of Palestine 1931* Vol. I p. 314. Columns 9 and 10. Traders engaged in furniture, metals, luxury products, stationery, commission and export trade in chemical products, clothing, toilet products, as well as restaurants and cafes were mainly concentrated in these four towns to the extent of 65% at a time when the population of the 4 towns consisted only of 24.6% of the total population of Palestine.

a variety of imported goods not only for the two towns themselves but also for both the Southern and Jerusalem districts. Almost all of the leading firms of Palestine have their branches or agencies here.

2. Jerusalem. Industry in Jerusalem is less developed, and marketing is less organized, than in the coastal towns. Yet Jerusalem is important as the administrative center and as the most revered religious center in the world. Its cultural and social institutions attract many people. Thus the importance of Jerusalem as a trading center consists in its being a good market for consumption goods. Furthermore, it is important as a wholesale center for the towns of Trans-Jordan.

3. Haifa. Haifa is a comparatively young town with a rapid growth and great potentialities. It has an excellent geographic situation and a modern harbor. It has already excelled Jaffa in the handling of export and import trade. In 1937, the tonnage of goods loaded at Haifa was about twice and that of goods discharged over five times the corresponding tonnage handled at Jaffa. The establishment of Palestine's heavy industry in its neighborhood and of the I.P.C. pipeline terminal has contributed considerably to the economic rise of the town. It may become an important transshipment port with a developed export-import and transit trade.

4. Other towns. Of secondary importance, are the towns of Nâblus, Gaza, Tûlkarm, Nazareth, Safad, Hebron and Beersheba. Nâblus is losing its economic importance due to changed transport conditions and trade routes. Nâblus no longer supplies Trans-Jordan and Samaria. The decrease in the volume of its soap exports has also reduced its trade.

The same economic decline is noticed in Gaza. Continuous failure in the barley crops of the region and the decline in barley exports have reduced the importance of this market. Also, the inability of its primitive textile industry to compete with the modern textile industries of Palestine, Syria and Europe has further affected its economic condition.

Tûlkarm is the center of the watermelon trade. Nazareth is still important as one of the main trade centers for the *fellahin* in the northern parts of Palestine. Safad is condemned to stagnation. Hebron and Beersheba carry on considerable trade with the Bedouins and supply the requirements of the frontier merchants.

There are also seasonal trading markets known as "fairs", which are closely connected with religious festivities. They take place in, practically every part of the country and continue for days and even weeks. Examples of these fairs are those of Nabî-Mûsa, and Nabî-Elias. At such fairs peddlers usually predominate.

VI Marketing Facilities and Business Methods

A MARKETING FACILITIES

Aside from means of transportation and communication and credit facilities which are discussed elsewhere in this book, some of the other important marketing facilities will be dealt with in brief

1 Cold storage warehouses and bonded houses Until 1928 all the imports of meat butter, fish and other perishables had to be stored in Egypt The lack of adequate storage accommodations resulted not only in higher costs and seasonal price fluctuations, but also in regional differences in prices The seasonal quality of Palestine's agriculture, the large amount of perishables appearing on the market and the particular diet of a large number of immigrants which does not conform to the warm climate, made an extensive use of cold storage necessary

Since 1928 modern cold storage houses have been established in Palestine These houses have their own refrigerating cars for supplying customers with fresh goods in different parts of the country Further, they not only store perishable goods for merchants, but also advance credit on goods stored¹⁰⁰, and not infrequently deal with cold storage goods on their own account The supply of such storage facilities, however, is still inadequate, especially cold storage houses for goods of local production

Warehouses for local agricultural products do not exist at all The function of storage here is mainly fulfilled by the money lending merchant Storage facilities, such as those provided by the Levant Bonded Houses are available for imported articles

2 Information facilities Information facilities have not developed sufficiently in Palestine The lack of regular quotations in every field of trade is keenly felt Only the citrus fruit trade shows some progress in this respect

3 Weights and measures employed In the agricultural regions of the interior the old weights and measures are still used, while in the coastal towns Western weights and measures are being adopted Weights and measures differ from town to town and from community to community This situation makes it hard to compare quickly prices prevail-

ing at the different markets and often exposes the *jellah* to unfair treatment. Strickland recommends the introduction of the metric system in Palestine.¹⁰¹

4. Standardization and grading. Generally speaking standardization and grading are still undeveloped in Palestine. The most important trade in which standardization and grading are performed is the citrus trade. Efforts are being made to standardize the size of boxes and methods of packing and grading. In spite of these efforts, however, different sizes of orange boxes still appear. Only the grapefruit boxes show uniformity. Since 1932 there has been a regulation providing for the compulsory registration of export brands of citrus fruits. The purpose of this regulation is to prevent the practice of shipping bad fruit under different brands. In consequence of this measure, the number of brands has been reduced very considerably. Marketing cooperatives have done a great deal by way of grading and standardization of agricultural and dairy products.

Some primitive farmers employ dishonest methods of grading and packing to their own disadvantage. They often place the best products on the top to cover those of poorer quality, and often mix sand with the grain to increase its weight. But purchasers are familiar with these practices and often deduct more from the prices than is necessary.

B. BUSINESS METHODS.

Business methods have improved considerably since the World War, but on the whole, they are still far below European standards.

1. Purchasing methods. Except for import of staple products, the size of the orders from foreign countries is usually small. This may be attributed to the low standard of living, the unhomogeneous character of the Jewish community and the lack of large uniform demand. In purchasing from local sources, the "hand-to-mouth" system prevails.

Before the War and until recently, Palestine was a "price-market". Job-lot goods and articles with faults in style were often ordered because of their cheap price. But the irregularity in demand of such goods introduced considerable risks in ordering in large quantities. Furthermore, the large number of traders with limited means also led to ordering in small quantities.

A tendency to change from a "price-market" to a "quality market" is now observed. High quality European goods out of style in Europe

101. C. F. Strickland, *op. cit.*, pp. 42-43.

are often sent to the Near East countries. Recently, due to the depression in Europe, many foreign industries have disposed of their high quality goods at low prices. Thus the qualities which were intended for richer markets have also found their way to Palestine.

The quotations for goods ordered from abroad are usually *c.i.f.* port of destination. Machinery and goods which do not have a regular demand are, however, sold at the factory, and the shipping expenses are covered by the purchaser.

2. Advertising. The widespread illiteracy of the population retards the development of advertising along modern lines. The fact that many languages are in use (English, Hebrew, and Arabic are all official ones) is also not conducive to good advertising results. Advertising by posters and roadside signs is restricted in order to preserve the natural beauties of the country and the scenes of historical places.

The only large advertising campaign was one conducted by Palestine citrus growers for the 'Jaffa orange'. However, this campaign was not conducted in Palestine but in England and on the European continent.

Wholesale advertising is done mainly through special magazines, handbooks and export directories. Retailers make use of the daily papers. The use of posters in railways, buses and stations as well as the distribution of samples, calendars, etc. is very limited and is mostly confined to the Jewish community.

The display of goods as a means of advertising is also not appreciably used. The primitive shops are without windows and the goods are arranged haphazardly in the entrance and along the walls. The shops are poorly illuminated. Dust and dirt accumulate, and altogether the shop makes anything but an attractive appearance. Besides these, there now exist modern clean shops with wide and attractive show windows. Prices are sometimes displayed with the goods, and windows are often dressed by decorators.

3. Bookkeeping and accounting. As in other Near East countries, bookkeeping and accounting in Palestine are in a very backward state. The individual form of enterprise does not require an accurate or elaborate method of accounting. There exists no income tax which would require regular bookkeeping. Only in the import and export trade are more advanced methods of bookkeeping employed. Some of the chain stores, especially those dealing in stationery and textiles, keep detailed and uniform records.

VII. Promotion of Trade

In Palestine, the Government, as well as the municipal authorities do not have any special policy toward promotion of internal trade. But no measures are taken to limit or to increase the number of traders, to force them to organize or to help their organizations (such as the chambers of commerce) by giving them special powers. There are certain branches of trade, however, which are under official control in the interest of the public. Such trades are started and operated by licences, and are under strict supervision of the Government. All matters pertaining to such traders are regulated according to the "Trade and Industries Ordinance of 1927" and its regulations.¹⁰²

A very interesting attitude toward trade has been taken by the Zionist organizations. These organizations had to define their position toward trade and marketing, because they possessed certain means by which they could influence trade and traders. For example, by the distribution of the national funds, commercial credits could be made more or less available to the merchants. The Zionist movement aspired toward a better and sounder occupational distribution of the Jews in Palestine than exists among Jews elsewhere.¹⁰³ The Zionist organizations have endeavored to divert Jews from commerce, the typical Jewish occupation abroad, to agriculture and industry. In the opinion of these organizations, the former occupation has small productive value for the community as a whole. The profit obtained by Jewish merchants, expressed in money, would not represent a profit for Jewish economy but a shifting of income from one individual to another.¹⁰⁴ An increase in the number of merchants would mean a lowering of their standard of living, or a raising of marketing costs and of the prices paid by ultimate consumers. Commerce thus becomes harmful to industry and agriculture. The Zionist organizations, by adopting a policy favorable to agriculture, became interested in the effort of the agriculturists to eliminate middlemen¹⁰⁵ as "superfluous intermediaries" which were without any economic justification.¹⁰⁶ In summary, one can say that the Zionist

102. B. Nathan, *Judische Rundschau* (periodical, Berlin), 1935, No. 7, p. 6.

103. Gerhard Holdheim, *Palestina Idee, Probleme, Tatsachen* (Berlin, 1929), p. 79.

104. A. Ruppin, *The Agricultural Colonization of the Zionist Organization in Palestine*, translated by R. J. Feinwell, London, 1926, p. 197.

105. I. Elezari-Volcani, *op. cit.*, p. 11.

106. V. Jabotinsky, "The Manufacturer and the Merchant", *Palestine and Middle East Economic Magazine*, 1929, Nos. 8-9, p. 185.

organisations even if they have not hindered the development of trade, at least have not encouraged it, as they have other branches of economy, and have left it to private initiative ¹⁰⁷

The most important government institution which is concerned with Palestine's trade is the Department of Customs, Excise and Trade. This Department, however, is not so much concerned with trade as such as with matters of trade which have to do with the Government's revenue. In the early years of the mandate there existed a separate Department of Industry and Trade which had largely advisory powers. In 1923, for reasons of economy, the duties of this department were absorbed by the Department of Customs. With the increase in trade and industry, traders are demanding at present the re-establishment of a separate department to protect their interests.

The Department of Customs, Excise and Trade has a trade section which edits the Commercial Bulletin and its supplements. This section and the recently established Office of Statistics of the Government give trade information, direct enquiries, investigates economic questions in which the Government is interested, compiles industrial statistics, as well as statistics of the cost of living, of price movements and of shipping, and deals with difficulties of collection of debts arising between British exporters and local merchants ¹⁰⁸. Its functions are so numerous that it is doubtful whether they are all fulfilled properly.

The Standing Committee for Commerce and Industry was reorganized in 1932 by the appointment of official as well as private representatives. This Committee deals with questions of customs tariffs, regulates the prices of cereals and acts in an advisory capacity.

There are other government institutions which are concerned with bettering trade conditions. The foremost of these are the General Agricultural Council and the Committee on Agricultural Economics and Marketing. These groups are interested in protecting the local market, in opening foreign markets, in improving the distribution of Palestine's crops, in standardizing certain products for export, and in investigating the conditions under which local agricultural produce is marketed both

¹⁰⁷ Some members of the commercial community in Palestine expressed the opinion that the Zionist Executive by participating in the capital and the granting of credits to the cooperatives without corresponding aid to the private merchants helped the cooperatives in combating private commerce.

¹⁰⁸ *Commercial Bulletin* Vol VIII, February 1931 Special Supplement, Report of the Department of Customs, Excise and Trade, 1930, p. 16.

in local and in foreign markets.¹⁰⁹ The Citrus Fruit Committee which is appointed by the General Agricultural Council advises upon all matters which have to do with the inspection and marketing of citrus fruit. The publications of the Department of Agriculture give valuable information on standardization, grading, and opening of new markets for local goods. All the activities of the Departments of Agriculture which have to do with raising the quality of Palestinian products and opening new markets are important not only for the improvement of the standard of living of the agriculturists but also for increasing the efficiency of marketing of local products.

Chambers of Commerce are located in Jerusalem, Nâblus and the coastal towns. In the coastal towns they are divided according to the nationality of traders—a feature which does not promote cooperation within the merchant class.

The Chambers of Commerce do not receive any financial aid from the Government, so that they are supported only by membership fees. If the Government would give them financial assistance as well as more legal powers, as is done in most western countries, these institutions would be able to broaden the scope of their activities and operate with better results.

In Tel Aviv and Jaffa, there is an association of commission merchants which endeavors to improve the relationships among its members, as well as between its members on the one hand; and their clients and supplying firms on the other.¹¹⁰ In Jerusalem, an association of wholesalers has been formed to aid in granting credit in order to improve their mutual relations and to decrease "cut-throat" competition.¹¹¹ In Tel Aviv there is an association of retailers which shows tendencies of developing into a national institution. Its activities are directed toward decreasing competition among retailers and a normalization of their selling activities. Similar institutions do not exist among Arab merchants.

Exhibitions such as the Levant Fair of Tel Aviv which displays foreign and modern local products from different parts of the Near East, and the Arab Fair at Jerusalem which exhibits traditional oriental goods, also contribute in creating interest and promoting activity in Palestine's trade.

109. *Report of the Department of Agriculture and Forests, 1931-32*, pp. 10-13.

110. *Mischar W'taasia*, 1932, No. 16, p. 12.

111. *Doar Hayom* (Jewish daily, Jerusalem), XIII, No. 257, 11.8.1931.

CHAPTER VIII

FOREIGN TRADE

BY

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CHAPTER VIII

FOREIGN TRADE

I. Post-War Development

Before the Great War, Palestine was a part of the Ottoman Empire. From an administrative point of view, a large section of Palestine's present-day territory was included in the *Vilayet* of Beirut whose capital, Beirut, was the best equipped and the most active of all the ports of Syria and Palestine. As trade moved freely between all parts of the empire, Palestinian traders found it more convenient to purchase most of their foreign wares from the Beirut market or to have them imported through the Beirut Port, than to import them through Palestinian ports. According to A.P.C. Clark, the value of imports and exports in 1913 amounted to £E. 1,616,000 (£P. 1,657,435) and £E. 1,093,000 (£P. 1,121,025) respectively.¹

After the War, Palestine was organized as a separate state, with its own political and economic organization. Like the rest of the Arab countries formerly belonging to the Ottoman Empire, it established its own customs organization and enacted its own tariff legislation. Direct trade routes were established with the rest of the world, and Haifa and Jaffa assumed greater importance as centers for handling Palestine's foreign trade. This political and economic separation of Palestine would have had serious results had it not been for the Government's policy of maintaining, as far as possible and by means of special agreements, the free trade relations with Palestine's neighbors, particularly Trans-Jordan and Syria and Lebanon.

Since the War, a number of factors have combined to foster the development of the foreign trade of Palestine, chief among which are the following. First, there is the rapid growth of and the great improvement in the system of transportation and communication, both internally and externally. Good metalled roads were constructed in the

1. A. P. C. Clark, "Commerce, Industry and Banking", *The Annals of the American Academy of Political and Social Sciences*, Vol. 164, Nov., 1932, p. 95. No reference is made to the source of information by the writer.

country² and these served to assure the easy distribution of the foreign wares landed in Jaffa or Haifa and also the assembling of the citrus fruit for export. The telephone network was also extended all over the country and linked with most of the telephone systems of the world. Adequate road connections with Beirut and Damascus were also instrumental in increasing Palestine's trade with the French mandated territory. The opening of the trans-desert route to Baghdad and then to Teheran paved the way for Palestine to assume once again a prominent role as a great entrepot between the industrialized West and the Middle East. The construction of the Iraq Petroleum Company's pipe line from Kirkuk to Haifa and the construction of a modern port in the latter town have greatly enhanced the importance of Haifa. The port serves not only Palestine but, to some extent also the vast hinterland of Iraq and Iran.

Another factor which has increased Palestine's foreign trade is the large increase in population due to natural growth and immigration, particularly Jewish immigration. The population has doubled in the course of the last fifteen years. The net recorded Jewish immigration (immigration minus emigration) alone from 1920 to 1936 was about 265 000 people most of whom have come to settle permanently. The personal effects, implements, and machinery brought in by the Jewish immigrants are included among the import statistics. Thus and also the heavy importation of building material to provide housing facilities for immigrants constitute a major explanation of the large increase in imports during the three years 1933-1935 as compared with previous years.³

Furthermore the post War period witnessed the introduction into Palestine, as well as into other countries of the Near East, of western ideas and methods. The primitive ways of production which prevailed before the War had to give way to more up-to-date methods. This meant the heavy importation of various types of machinery, agricultural implements, automobiles, trucks and lorries. The building of a modern port at Haifa and the construction of the Iraq Petroleum Company's pipe line from Kirkuk to Haifa also necessitated heavy importation.

The extent of the development of Palestine's foreign trade from 1919 onwards is shown in Table I. This table gives the value of Palestine's foreign trade in terms of Palestinian pounds. Since the value of the Palestinian pound has changed as a result of the devaluation of the

² See Chapter VI.

³ *Annual Report of the Department of Customs Excise and Trade 1933-1934 and 1935* pp. 32-39 and 46 respectively.

sterling, it was thought desirable to supplement this table by a comparison of Palestine's foreign trade since 1928 in terms of pre-War gold dollars. It should be noted, however, that the devaluation of the sterling was counterbalanced to a considerable extent by the fall in commodity prices.

Measured in terms of pre-War gold dollars, merchandise imports of Palestine rose from 34.9 million in 1929 to 46.4 million in 1937, an increase of a little less than 33 per cent. The peak year was 1935, when imports stood at 51.9 million dollars. In 1936 they dropped to 41 million but rose to 46.4 million in 1937.⁴ The export figures show a more appreciable increase. From 7.5 million dollars in 1929, the figures reached 17 million in 1937. First there was a gradual rise until 1934, when exports stood at 9.8 million. In 1935 they jumped to 12.2 million. The following year they decreased to 10.6 million. In 1937 there was a sharp rise, which not only made up the decline in 1936 but also registered an advance, placing the figure at 17 million dollars.⁵

Of the total value of world trade, Palestine accounted for 0.20 per cent in 1937, as compared with 0.06 per cent in 1929. Palestine's imports in 1929 were 0.10 per cent of the total world imports of that year. In 1932 they rose to 0.19 per cent and in 1936 to 0.31 per cent. In 1937 they declined to 0.28 per cent. The exports, on the other hand, have risen consistently. From 0.02 per cent of the total world exports in 1929, Palestine's exports rose to 0.06 per cent in 1932, to 0.09 per cent in 1936, and to 0.11 per cent in 1937.⁶

The increased proportion of Palestine's share in world trade, as indicated in the above paragraph, is accounted for only partly by her increased imports and exports. A more important factor has been the shrinkage in the value of total world trade between 1932 and 1937, as compared with that of 1929. From 68.6 billion gold dollars in 1929, the value of total world trade shrank to 26.9 billion in 1932. There was a further decline during 1932-1935. In 1936 the figure stood at 25.7 billion. In 1937, the marked recovery in world trade, which brought its total to 31.6 billion dollars, still left at 46 per cent of its 1929 level.⁷

The chief reason why Palestine's foreign trade during the years 1932-1937 increased considerably, in spite of the fall in world foreign trade, is the large Jewish immigration and the ensuing heavy importation of personal effects and implements brought in by the immigrants.⁸ An-

4. *Statistical Year-Book of the League of Nations*, 1937-38, p. 225.

5. *Ibid.*

6. *League of Nations, Review of World Trade*, 1937, p. 25.

7. *Statistical Year-Book of the League of Nations*, 1937-38, p. 77.

8. See *supra*, p. 388.

other important factor is to be found in the relative freedom of Palestine's market from restrictive measures, such as high tariffs, import quotas, and

TABLE I

Value of Total Imports, Exports, Re-exports and Transit,
1919 to June 30, 1938⁹

Year	Imports £P.		Exports £P.			Transit £P.	Ratio of merch. exports (incl. re-exports) to merch. imports %
	Goods	Specie	Goods	Specie	Re- exports		
1919	4,298,523		793,275		—	—	—
1920	5,350,392		791,488		57,490	809,279	—
1921	6,022,439		1,452,685		84,992	149,154	—
1922	5,724,238		1,388,070		193,682	405,860	—
1923	4,948,907	112,902	1,172,548	422,047	239,972	241,320	29
1924	5,401,384	191,992	1,231,602	735,666	145,503	202,195	25
1925	7,526,657	198,622	1,330,830	104,764	143,295	126,049	20
1926	6,594,098	11,113	1,308,333	13,698	179,619	109,807	23
1927	6,184,454	262,659	1,899,759	3,430	246,592	131,029	35
1928	6,770,818	17,949	1,487,207	22,254	177,802	177,447	25
1929	7,166,593	12,310	1,554,262	212,667	197,671	256,501	24
1930	6,958,258	3,229	1,896,095	1,654	182,222	155,385	30
1931	5,940,000	2,025	1,572,061	226,467	251,338	177,162	31
1932	7,768,920	155,501	2,381,491	1,505,952	243,607	196,376	34
1933	11,123,489	145,306	2,591,617	841,878	319,302	187,893	26
1934	15,152,781	273,430	3,217,562	850,260	283,946	239,558	23
1935	17,853,493	521,900	4,215,486	466,504	300,671	823,088 ^a	25
1936	13,979,023	157,490	3,625,233	251,207	642,293	513,252 ^a	31
1937	15,903,666	403,927	5,813,536	429,755	636,093	828,149 ^a	41
1938							
Jan-June	6,641,468	207,061	3,259,257	217,509	291,160	355,250 ^a	—

a. The figures include goods in transit from Iraq via the trans-desert motor route, not included in previous years.

⁹ Figures for 1919-1922 from *Palestine Commercial Bulletin*, Vol. VIII, 1931, p. 218, figures for 1923-1937 from Government of Palestine, Office of Statistics, *Statistical Abstract of Palestine*, 1937-38, p. 58, figures for Jan. to June, 1938 from Government of Palestine, Office of Statistics, *General Monthly Bulletin of Current Statistics*, August, 1938, pp. 330 and 346.

exchange control, which marked the trade policies of many countries during this period.¹⁰

The per capita import trade of Palestine has shown tendencies similar to those indicated by its total trade (see Table II). For the ten-year period 1923-1932, the average per capita import was £P. 7.81. There were only two notable deviations from that average. One was in 1925, when the per capita import was £P. 9.95, and the other in 1931, when the figure dropped to £P. 6.13, the lowest level during the whole period. From 1933 onwards, there was an appreciable rise in the per capita import figures, the average for the five-year period 1933-1937 being £P. 12.49. The highest figure reached was £P. 14.95, during 1935.

The per capita export figures were also more or less stationary during the ten-year period 1923-1932, averaging £P. 1.87 per annum. The

TABLE II

Per Capita Import, and Per Capita Export of Palestine, 1923-1937¹¹

Year	Settled population ^a	Imports		Exports of local production	
		Total £P.	Per capita £P.	Total £P.	Per capita £P.
1923	670,381	4,948,907	7.382	1,172,548	1.749
1924	709,938	5,401,384	7.608	1,231,602	1.735
1925	756,594	7,526,657	9.948	1,330,830	1.759
1926	810,885	6,594,098	8.132	1,308,333	1.613
1927	834,206	6,184,454	7.413	1,899,759	2.277
1928	857,073	6,770,818	7.900	1,487,207	1.735
1929	882,511	7,166,593	8.121	1,554,262	1.761
1930	921,699	6,985,258	7.579	1,896,095	2.057
1931 ^b	969,268	5,940,000	6.128	1,572,061	1.622
1932	986,319	7,768,920	7.877	2,381,491	2.415
1933	1,038,331	11,123,489	10.713	2,591,617	2.496
1934	1,104,605	15,152,781	13.718	3,217,562	2.912
1935	1,194,529	17,853,493	14.946	4,215,486	2.529
1936	1,269,965	13,979,023	11.007	3,625,233	2.854
1937	1,316,752	15,903,666	12.078	5,813,536	4.415

a. As estimated at June 30 of each year.

b. Census figures.

10. David Harowitz and Rita Hinden, *Economic Survey of Palestine*, (Tel Aviv, 1938), p. 124.

11. The population figures are taken from *Statistical Abstract of Palestine*, 1937-38, p. 20; the figures for imports and exports are taken from *Ibid.*, p. 58.

minimum figure was £P 1 61 in 1926 and the maximum was £P 2.42 in 1932. During the next five years, 1933-1937, the average yearly per capita was £P 3.24. The peak year was 1937, when the per capita export figure was £P 4.42.

The per capita import figures given in Table II are somewhat exaggerated. The population figures represent the estimated mean settled population of the country and do not include nomads and members of His Majesty's Forces in Palestine. Furthermore, the import figures include goods that were imported by His Majesty's Forces as well as by the Government and the Iraq Petroleum Company stores. During 1933-1937 the average annual imports by these stores amounted to approximately £P 1 374 000¹².

Palestine like Syria and Iraq has always had an unfavorable balance of trade. A glance at Table I shows that the proportion of merchandise exports and re-exports to merchandise imports has scarcely risen much above 30 per cent and only in 1937, did it exceed 40 per cent. The average for the fifteen year period 1923-1937 is only slightly more than 28 per cent. From 1933-1937, the average annual deficit was approximately 10.5 million Palestinian pounds. But here again it must be kept in mind that the import figures in Table I include imports by the Government Military, Navy, Army and Air Force Institutes and Iraq Petroleum Company stores. Even when the value of such imports are excluded however, the disproportion between exports and imports remains large.

In 1934 and 1935 there was only one country, Norway, which bought from Palestine more than it sold to it. The excess, however was negligible being £P 4 780 in 1934 and £P 32,371 in 1935. In 1936 Sweden also fell in this category her imports from Palestine were £P 27 736 in excess of her exports to it. In 1937 which was a record year for Palestine as far as exports were concerned, England and Holland joined the list of countries with whom Palestine had a favorable balance of trade. The excess balance was £P 631 614 against England, and £P 95 046 against Holland¹³.

The adverse balance of trade is largely covered by invisible exports. No official account is available of all of these invisible exports. A number

12 *Report by His Majesty's Government in the the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of Palestine and Trans Jordan* (henceforth referred to as *Report to the League of Nations*) 1937 p. 233.

13 *Statistical Abstract of Palestine* 1937-38 p. 80.

of private estimates have been made from time to time, but it is difficult to check their reliability.¹⁴

The Treasurer of the Palestine Government has given estimates of the more important of these items in his annual report for 1934-35.¹⁵ They are given below only as samples of what ordinarily constitutes the bulk of Palestine's invisible export. It should be emphasized that the figures, besides being only estimates, are for 1934-35 and that in no way can they be considered as completely representative of other years.

Capital imported by immigrants into Palestine in 1934-35 was estimated at about £P. 6,000,000. This estimate was based on the Government reports on immigration, which gave the number of immigrants with a capital of £P. 1,000 or more at 6,445 persons.¹⁶ Expenditures by travelers visiting Palestine and petty cash brought in by returning residents were estimated at £P. 1,250,000.¹⁷ Receipts of the various Zionist funds remitted to Palestine were given as £P. 740,000. Interest on the investments of the Palestine Government held abroad, the Government's share from the profits of the currency issue, and grants-in-aid by His Majesty's Government were about £P. 350,000. Approximately £P. 1,200,000 of imports for religious, charitable, and archaeological institutions, consuls, the Iraq Petroleum Company, the Royal Air Force, and Army were paid for from funds abroad. This sum also includes imports of used personal effects.

In addition to the above, the Treasurer enumerates other items, for which he says that it is impossible to give any estimate. These items include: the amount of funds remitted from abroad to the above-mentioned institutions for their local expenditure, loans floated abroad by public bodies or by business houses operating in Palestine, the value of emigrants' remittances to relatives and friends, the amount of capital imported by returning residents, and the credits extended to Palestinian importers by foreign business houses.¹⁸

14. Horowitz and Hinden, *op. cit.*, p. 122; J. L. Cohen, in *Great Britain and the East*, May 7, 1936; Dr. Adler, in *Le Commerce du Levant*, No. 465, Oct. 1, 1935.

15. *Report by the Treasurer on the Financial Transactions of the Palestine Government* (henceforth referred to as *Report by the Treasurer*), 1934-35, p. 4.

16. For the purpose of comparison, the number of immigrants in this category for the years 1932 to 1937 was 754, 3,267, 5,193, 6,393, 3,014 and 1,300 respectively. See *Statistical Abstract of Palestine*, 1937-38, p. 35.

17. The number of travelers for 1932 to 1937 was 63,253, 79,833, 91,823, 106,823, 56,665 and 99,268 respectively. The number of returning residents during the same period was 30,696, 32,523, 45,582, 64,102, 61,880 and 105,639 respectively. See *Statistical Abstract of Palestine*, 1937-38, p. 34.

18. *Report by the Treasurer*, 1934-35, p. 4.

The invisible imports include payments for various services such as shipping insurance and banking, and also expenditures by Palestinians in foreign countries. No estimate of the extent of these items is available.

It is difficult to say how long Palestine can depend for financing its heavy imports on such items as the above mentioned invisible exports. Any development in Palestine or outside of it that influences adversely the influx of capital or tourists, or perhaps encourages a withdrawal of capital, must react unfavorably on Palestine's trade.

II Organization and Financing of Foreign Trade

The import trade of Palestine is carried on through any one of a number of different channels. These include commission agents, general import merchants, commercial travelers, sole agencies for foreign business houses and branches of foreign establishments.

Commission agents handle the bulk of the trade. They represent manufacturers abroad and book orders with wholesale and retail dealers in the country.¹⁹ The transactions are carried on at the importer's risk and as a margin of safety, a deposit or a guarantee is ordinarily exacted. The agents do business in the name of their principals.²⁰

The general import merchants usually have direct connections with foreign manufacturers and wholesalers and import goods at their own risk. They in turn sell to retailers and small wholesalers in the country. This type of importing house is steadily losing ground, as it is becoming increasingly difficult on account of keen competition, to handle a large number of different lines. The present tendency is to concentrate on one line or a few complementary ones.

The factors which are undermining the position of the general import merchant in Palestine are at the same time the causes for the practice adopted by many business houses abroad, of granting exclusive agency rights to some Palestinian merchants to handle their goods in Palestine. In a keen competitive market, the manufacturer cannot leave the promotion of his sales in the hands of a general import merchant or with a commission agent, each of whom handles many different lines and different and competing brands of the same line. Nor is it any more possible to cover Palestine satisfactorily by a subagent acting for a general agent in Egypt or Syria.²¹ The extent of the market and

19. C. Empson, *Economic Conditions in Palestine* (London 1935) p. 13.

20. *Ibid.*, and information privately secured.

21. Empson *op. cit.*, p. 14.

differences in the monetary as well as in the legal and administrative systems, explain the increasing importance of the sole agency system.

Some large foreign business houses have established branches, formed subsidiary companies, or participated in local companies, for the purpose of handling their imports to Palestine.²² Their number, however, is still small, as such undertakings are possible only when a large and a stable volume of business can be relied upon.

Some goods are imported by commercial travelers who visit Palestine as representatives of foreign manufacturers. A few wholesale houses buy directly from firms abroad. This applies particularly to those houses which buy in large quantities and more or less regularly. Government purchases abroad are handled by the Crown Agents.²³

Prices are usually quoted in terms of sterling, one Palestinian pound being equal to one pound sterling. Shipments are now mostly made c.i.f. Haifa or Jaffa because many exporting countries now have direct shipping connections with Palestine.²⁴ All the necessary insurance and banking facilities are also available.

The terms of payment vary according to the importing house and the commodity handled. The usual terms are cash against documents. In some cases, it is necessary to open a letter of credit in favor of the exporter before he is willing to ship the goods. This is true even of some houses that are the sole agents of foreign firms. In many cases, on the other hand, shipments involving commodities subject to keen competition are sold against bills drawn for 60 or 90 days. Some business houses of long and reputable standing are able to secure goods on open book account.²⁵ The number of such firms, however, is limited.

The citrus trade, which accounts for about 70 per cent of the total exports of Palestine, is in the hands of citrus marketing cooperatives and of shipping merchants. Over 50 per cent of the total citrus exports is now handled by Jewish marketing societies, which have made some progress towards unification of their activities.²⁷ The Arab citrus growers market their produce through the shipping merchants. These merchants advance loans to the growers who are then bound to sell their produce through them. The merchants also buy from independent grove

22. *Ibid.*

23. *Ibid.*

24. Dr. J. Adler, "Palestine's Import Trade", *Palnews Economic Annual of Palestine*, 1935, p. 140.

25. Information privately secured.

27. *Report to the League of Nations*, 1937, p. 292.

owners or from growers' cooperative societies.²⁸ The produce is then sent abroad mainly to England, and is sold through special brokers. An attempt is now being made by a number of Arab owners of large groves in Jaffa to organize a citrus marketing society.

In view of the prominent place held by the citrus trade in Palestine's economy the Government has taken interest in the industry and is rendering some help and exercising a certain degree of control. A budget of £P 38 664 was prepared for an advertising program for 1937.²⁹ Help is also extended by way of undertaking research projects for the benefit of the industry or of financing such projects.

Regulations were made from time to time providing for the inspection and control of citrus exports to insure the export of fruit of good quality. The latest revision of these regulations was included in the Control of Export of Citrus Rules 1937.³⁰ These Rules specify among other things the method of packing and marking the size of the boxes the number of counts in each box and the date of exportation and packing of fruit. They also state the diseases bruises and other blemishes which make the fruit ineligible for export.

Export trade of agricultural products other than citrus is usually handled by export merchants while exports of manufactured articles are handled ordinarily by the manufacturers themselves.

The bulk of the foreign trade of Palestine is sea borne. Over 90 per cent of both imports and exports are handled through the Palestinian ports.³¹ The rest is carried by road rail or trans-desert route.

Haifa and Jaffa are the main ports of Palestine. Until the end of 1934 the value of imports admitted through Jaffa exceeded those entering through Haifa. The construction of a modern port at Haifa, which was completed in October, 1933, afforded importers better port facilities than were provided at Jaffa. In consequence some imports began to be diverted to Haifa and, in 1935, Haifa admitted slightly more imports than Jaffa. The troubled condition of the country in 1936 caused further diversion to Haifa of goods which would normally have been imported through Jaffa,³² whose port was closed during the disturbances.

²⁸ Eriqson *op cit* p 14.

²⁹ *Report to the League of Nations* 1937 p 273.

³⁰ *The Palestine Gazette* Extraordinary No 713 Supplement No 2 August 1937 pp 785-794.

³¹ The value of the imports handled at Palestinian ports during the five-year period 1933-1937 averaged 90.35 per cent of the total value of imports. The average for exports was 94.07 per cent. See *Statistical Abstract of Palestine* 1937-38 p 82.

³² The value of imports and exports handled through Haifa and Jaffa for the last five years was as follows —a

In the export trade, Jaffa maintained her lead to the end of 1935. In 1936, Haifa surpassed her slightly. In 1937, the opening of the Haifa-Jaffa road and the political disturbances in the country caused the diversion of large quantities of citrus exports to Haifa.

Some trade is now handled through the Tel Aviv Jetty and Lighter Basin. This was started in May, 1936, as a result of the closing of the Jaffa Port during the strike.³³ More constructional work was done in 1937.³⁴ During 1936, the Tel Aviv Jetty and Lighter Basin handled £P. 601,581 worth of imports and £P. 55,948 of exports. In 1937, the figures rose to £P. 2,518,118 for imports and £P. 399,002 for exports.³⁵

III. Merchandise Imports

A. IMPORTS OF GROUPS OF ARTICLES.

Until September 1, 1937, merchandise imports into Palestine were classified by the Department of Customs, Excise and Trade into the following four general classes :—

- I. Food, drink, and tobacco
- II. Raw materials and articles mainly unmanufactured
- III. Articles wholly or mainly manufactured
- IV. Miscellaneous and unclassified

Each of the first three classes was subdivided into a number of groups. Each group, in turn, included a large number of different items. Prior to 1937, Class IV included imports by Government, Military, Navy, Army, and Air Force Institutes, and Iraq Petroleum Company stores, and a few unclassified goods. In the 1937 classification, Class IV included only one item, animals not for food; the other items previously included were distributed among the other three classes.³⁶ For this reason the following discussion will treat 1937 and the first six months of 1938, separately at the end of this section. Table III gives the imports for 1923 to June 1938, divided into the four general classes.

	H a i f a		J a f f a	
	Imports £P.	Exports £P.	Imports £P.	Exports £P.
1933	4,260,045	893,541	5,832,868	1,540,213
1934	6,216,055	1,208,721	7,629,142	1,824,755
1935	8,455,765	1,707,421	7,719,886	2,285,073
1936	8,627,065	1,690,025	3,182,817	1,613,507
1937	9,300,274	3,167,225	2,144,211	1,678,094

a. *Statistical Abstract of Palestine*, 1937-38, p. 82.

33. *Report of the Department of Customs, Excise and Trade*, 1936, p. 105.

34. *Report to the League of Nations*, 1937, p. 227.

35. *Statistical Abstract of Palestine*, 1937-38, p. 82.

36. *Ibid.*, p. 64.

TABLE III

Value of Merchandise Imports by Classes, 1923 to June 30, 1938³⁷
(Amount in thousands of Palestinian pounds)

Year	Total merchandise imports	Class I Food, drink and tobacco		Class II Raw materials and articles mainly unmanufactured		Class III Articles wholly or mainly manufactured		Class IV Miscellaneous and unclassified	
		Am't	% of total	Amount	% of total	Am't	% of total	Amount	% of total
1923	4,949	1,387	28.0	301	6.1	2,550	51.5	711	14.4
1924	5,401	1,443	26.7	365	6.8	2,921	54.1	672	12.4
1925	7,527	2,038	27.1	644	8.5	4,069	54.1	776	10.3
1926	6,594	1,805	27.4	506	7.7	3,814	57.8	469	7.1
1927	6,184	1,632	26.4	568	9.2	3,440	55.6	544	8.8
1928	6,771	1,801	26.6	644	9.5	3,663	54.1	663	9.8
1929	7,167	1,911	26.7	721	10.0	3,716	51.8	819	11.5
1930	6,985	1,393	19.9	598	8.6	4,067	58.2	927	13.3
1931	5,940	1,535	25.8	418	7.1	3,262	54.9	725	12.2
1932	7,769	1,785	23.0	557	7.2	3,910	50.3	1,517	19.5
1933	11,123	2,426	21.8	836	7.5	5,743	51.6	2,118	19.1
1934	15,153	2,902	19.2	1,077	7.1	9,168	60.5	2,006	13.2
1935	17,853	3,647	20.4	1,322	7.4	10,790	60.5	2,694	11.7
1936	13,979	3,939	28.2	972	6.9	6,552	46.9	2,516	18.0
1937 ^a	15,904	4,148	26.1	1,608	10.1	10,090	63.4	58	0.4
1938 ^b	6,640	1,671	25.1	620	9.3	4,340	65.4	9	0.2

^a The figures for 1937 are not comparable with those for the preceding years, because all items previously included under "Miscellaneous and Unclassified", except "living animals not for food" are, beginning with 1937, included in the other three classes. See *Statistical Abstract of Palestine*, 1937-38, p. 59.

^b For the first six months only.

During the five-year period 1932-1936, imports under Class I averaged about £P. 2,940,000 annually. This represents nearly 22.5 per cent of the average total yearly imports for that period. The lowest ratio was that of 1934, and the highest that of 1936. They stood at 19 per cent and 28 per cent of the total imports of the two years respectively. During the previous five years, 1927-1931, Class I imports averaged £P. 1,654,400 annually, or a little over 25 per cent of the total imports.³⁸ This proportion is higher than that of the succeeding period.

³⁷ *Statistical Abstract of Palestine*, 1937-38, p. 59, and *General Monthly Bulletin of Current Statistics*, August, 1938, p. 330.

³⁸ See *Statistical Abstract of Palestine*, 1937-38, pp. 60-61.

This, of course, is quite natural in view of the fact that the demand for food and drink is not elastic, and need not, therefore, keep the same proportion in increased imports.

The principal items of import under Class I are wheat, flour, cattle, sheep and goats, fresh fruits, butter, sugar, eggs, barley, fish, rice, and poultry. Table IV gives the value of the principal imports under Class I for the period 1927-1936.

Most of the increases recorded in Table IV are accounted for by the increased demand for foodstuffs to supply the needs of the growing population.³⁹ In addition to the greater demand for sugar for consump-

TABLE IV

Value of Principal Articles Under Class I (Food, Drink and Tobacco)
Imported during 1927-1936⁴⁰
(In thousands of Palestinian pounds)

Article	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
Barley	—	5	11	—	77	72	107	63	64	167
Rice	171	152	153	128	117	151	132	126	193	162
Wheat	16	127	153	21	166	183	448	322	117	205
Wheat flour	307	332	390	178	152	190	265	232	349	353
Cattle	81	33	38	88	90	70	90	174	297	333
Sheep and goats	22	81	99	105	117	92	74	170	252	293
Poultry, alive	2	1	5	3	3	12	17	41	133	162
Butter	20	27	34	37	43	54	75	126	191	225
Eggs	23	16	30	18	16	35	63	106	138	190
Fish in brine, dry, salted, fresh and tinned	72	63	68	67	62	71	99	142	174	165
Fresh fruits	29	40	32	36	37	46	73	163	204	246
Sugar	189	185	143	121	105	133	142	151	207	195
Total	932	1,062	1,156	802	985	1,109	1,585	1,816	2,319	2,696
% of total Class I	57.4	59.0	60.5	57.8	64.2	62.1	65.3	62.5	63.6	65.0

39. On June 30th, 1932, the estimated total population of Palestine was 1,052,872; on the same date in 1937, the estimate was 1,383,320. See *Statistical Abstract of Palestine, 1937-38*, p. 19.

40. *Ibid.*, pp. 64-65.

tion purposes, it is also imported for the manufacture of chocolate, jam, fruit juices, etc. Fluctuations in the import of wheat and flour, barley, fresh fruits, sheep and goats are due, at least in part, to seasonal variation in local production.

Imports under Class II, i.e. raw materials and articles mainly unmanufactured, averaged, during the years 1932-1936, about £P 953 000 annually. This represents slightly more than 7 per cent of the average annual import of merchandise during that period.⁴¹ There were no appreciable fluctuations from year to year in this proportion, the widest deviation not exceeding 0.5 per cent. In terms of absolute figures, the peak years of imports under Class II were 1934 and 1935, the years of greatest industrial activity. The average annual imports for the preceding five years 1927-1931 was approximately £P 589 800, nearly 9 per cent of the average yearly total. Furthermore, they showed some fluctuations from year to year. The percentage was at its highest in 1929 when it reached 10 per cent. In 1931, it was only 7 per cent, the lowest during the period. It will be observed, then, that the absolute value of imports under Class II during 1932-1936 rose as compared to their value during 1927-1931. But this rise was not proportional to the rise in the total value of the import trade of Palestine. The explanation is to be found in the fact that the total imports for the 1932-1936 period were swelled by heavy imports of material for the construction of Haifa Harbor and of the Iraq Petroleum Company's pipe line from Kirkuk to Haifa. These imports are included in Class IV.

The principal items of import in Class II are wood, seeds, beans and nuts for extracting oil, fuel oil, asphalt, coal, olive oil for industry, and acid oil. The value of the principal imports for 1927-1936 are given in Table V.

The most noticeable change is the steady increase in the imports of wood until the beginning of 1936 and their steep fall during that year. From £P 184,267 in 1932, the value of wood imports rose to £P 500,137 in 1935, and then fell to £P 202,689 in 1936. Here again, the cause of the rise is the increased building activity which accompanied the large-scale immigration of 1933 to 1935, and the fall is due to the political disturbances in the country in 1936.

A rise is also evident in the value of fuel oil imports, especially during 1935 and 1936. Seeds, beans and nuts for extracting oil also show some increase. In this case, however, a comparison of quantities

41. Compiled from *Statistical Abstract of Palestine* 1937-38 pp. 60-61.

TABLE V

Value of Principal Articles Under Class II (Raw Materials and Articles
Mainly Unmanufactured) Imported During 1927-1936 ⁴²
(Amount in thousands of Palestinian pounds)

Article	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
Coal (exclusive of briquettes)	69	46	41	60	44	57	54	49	83	48
Asphalt	5	4	6	12	14	17	27	41	57	57
Wood for furniture	12	9	14	15	15	15	30	36	29	14
Wood, other	123	180	141	168	153	184	254	460	500	203
Cotton, raw and waste	11	10	13	10	15	6	12	18	27	28
Seeds, beans and nuts for extracting oil	30	50	58	17	29	115	201	170	209	248
Olive oil for industry	92	137	130	30	1	10	65	64	86	26
Acid oil, other than acid olive oil	—	8	29	22	30	56	54	39	38	32
Hides and skins, raw or dried	13	11	29	19	19	11	15	15	14	30
Fuel oil	26	21	22	47	43	26	40	63	122	179
Total	381	477	483	400	363	497	752	955	1,165	865
% of total Class II	67.1	73.9	67.0	66.9	86.6	89.2	89.9	88.7	88.1	89.0

shows a trend opposite to that derived from a comparison of values. Actually the quantity imported in 1934 (18,520 tons) was greater than the quantity imported during 1933 (16,243, tons), whereas the values for the two years were £P. 170,256 and £P. 201,031 respectively. The same thing is true in the succeeding two years. £P. 248,420 was paid for an import of 22,660 tons in 1936, whereas only £P. 208,700 was paid for 23,493 tons in 1935.⁴³

Imports of articles wholly or mainly manufactured (Class III) constitute the largest single class of imports into Palestine. During the period 1932-1936 their average yearly value was approximately

42. *Statistical Abstract of Palestine*, 1937-38, pp. 66-67.

43. *Ibid.*, p. 67.

£P 7,232,600, or 54 per cent of the total value of merchandise imports. The yearly imports of this class during the period under consideration rose rapidly after 1933, as is clearly shown in Table III above. In 1936, however, there was a considerable decline from the preceding year's figure.

TABLE VI

Value of Principal Articles under Class III (Articles Mainly or Wholly Manufactured) Imported During 1927-1936⁴⁴
(Amount in thousands of Palestinian pounds)

Article	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
Industrial machinery	135	142	204	237	193	175	471	967	992	555
Apparel, all sorts	351	401	361	411	280	311	408	605	750	408
Cotton piece goods	616	483	423	478	358	382	411	521	529	306
Iron bars and girders	80	105	114	102	84	97	240	521	614	290
Wood for citrus cases	90	90	143	128	100	177	145	243	359	257
Iron pipes, tubes, etc	61	81	99	95	85	119	215	366	495	221
Benzine	139	197	202	227	164	183	177	206	275	209
Electrical goods	23	36	103	96	58	66	124	226	308	208
Silk tissues excluding pongee	140	160	133	182	171	175	232	307	291	153
Woolen tissues	107	133	126	150	106	153	202	245	290	180
Kerosene	205	189	202	185	92	79	116	155	199	189
Yarn of cotton, wool and silk	48	60	62	72	52	88	137	165	177	128
Drugs and medicine	46	49	47	49	52	52	71	117	160	127
Cement	62	37	22	17	14	25	88	268	289	133
Total	2,103	2,163	2,241	2,429	1,809	2,082	3,037	4,912	5,728	3,364
% of total Class III	61.1	59.1	60.3	59.7	55.5	53.2	52.9	53.6	53.5	51.3

⁴⁴ Compiled from *Statistical Abstract of Palestine, 1937-38*, pp. 66-69.

The proportion of imports under Class III to total imports showed some variation during 1932-1936. The percentages for 1932 and 1933 were 50.3 and 51.6 respectively. There was a rise during the succeeding two years to 60.5 per cent. During 1936 the proportion dropped to 46.9 per cent.

Imports under Class III during 1927-1931 averaged £P. 3,629,600 annually, which was about 55 per cent of the average yearly imports. There were no marked fluctuations either in the absolute yearly figures or in the proportion between them and the total import trade.

The principal items of import under Class III during 1932-1936 were industrial machinery, apparel, cotton piece goods, iron bars and girders, wood prepared for citrus cases, iron pipes, tubes and fittings, electrical goods, etc. A fuller list, with the value of each of the principal imports for 1927-1936, is given in Table VI.

The general rise in the imports of all the items represented in Table VI since 1933 was caused by the increased demand for finished goods and for building materials, resulting from the increased immigration which was characteristic of that period. The exceptionally heavy imports of industrial machinery, rising from £P. 175,208 in 1932 to £P. 991,892 in 1935 were a result of development in Palestine's industry. This is also responsible for the increase in the import of many of the articles included in Table VI, which, although manufactured, are essentially raw materials for industry. The period under consideration was one of difficult financial conditions in Europe and America and there was an impetus to the flow of capital to Palestine, which seemed to offer opportunities for safe and profitable investment.⁴⁵

In 1936, however, there was a decline in the import trade of Palestine. This decline affected raw materials and manufactured articles exclusively. In fact the imports of foodstuffs and of unclassified articles registered increases as compared to 1935. One reason for this decline was the disturbed conditions which prevailed in the country for the larger part of the year. Another reason was the relative improvement in economic conditions abroad which resulted in lesser capital inflow.

Imports under Class IV, i.e. miscellaneous and unclassified articles, averaged £P. 2,050,200 yearly for the 1932-1936 period, or a little over 16 per cent of the average yearly total of all imports during the period. They were lowest during 1932, when they totalled £P. 1,516,713; and

45. Horowitz and Hinden, *op. cit.*, p. 126.

highest during 1936, when they reached £P 2,516,371. During 1933 to 1935 they remained stationary at slightly more than two million pounds yearly.⁴⁶

The fluctuations from year to year of the proportion between imports under Class IV and total imports differed in their trend from the fluctuations of imports under Class IV considered separately. Instead of being the lowest year, as the absolute figures indicate, 1932 actually had the highest percentage (19.5 per cent) of imports under Class IV of any of the five years. This was caused by the heavy imports of the Iraq Petroleum Company stores, which swelled the total of this class without a proportional increase in total imports. The situation was reversed in 1935 when total imports increased, but the imports under Class IV did not increase. During that year Class IV imports were only 11.7 per cent of the total imports.⁴⁷

During the preceding five-year period, 1927-1931, imports under Class IV averaged £P 735,600 or 11.1 per cent of the average yearly total. The year 1927 had the lowest figures, both absolute and relative. Class IV imports during that year amounted to £P 544,173 and were 8.8 per cent of the year's total imports. The year 1930 had the highest figures, both absolute and relative. The imports under Class IV then amounted to £P 927,540, representing 13.3 per cent of that year's total imports.⁴⁸

Items in Class IV include primarily imports by the Government, Military, Iraq Petroleum Company stores, and by the stores of the Navy, Army, and Air Force Institutes. They also include imports of used personal effects, chemical fertilizers, and animals not for food. Except for the last two items and for other miscellaneous and unclassified goods, whose total value in 1936 was less than 12 per cent of the total Class IV imports, the goods included in this class are not strictly speaking part of Palestine's foreign trade and affect Palestine's economy only in an indirect manner.

As shown in Table I, total imports during 1937 advanced to £P 15,903,666 from the preceding year's figure of £P 13,979,023. This increase in value covers almost every commodity and 'can be accounted for by the replenishing of traders' stocks which had been depleted as a result of decreased purchasing during the disturbances of 1936, by appreciated commodity prices, by accumulation of stocks in anticipation of

46 *Statistical Abstract of Palestine* 1937-38 pp. 60-61.

47 *Ibid.* p. 70-71.

48 *Ibid.* 1937-38 p. 70.

further price rises; and partly by distribution during 1937, according to commodities, of imports by Government, N.A.A.F.I., Iraq Petroleum Company and other institutions entitled to exemption".⁴⁹

The items which showed the greatest increases included wheat, wood for building, seeds, beans and nuts for extracting oils, iron and cast iron pipes, electrical goods, industrial machinery, wood prepared for citrus cases, cotton piece goods, apparel of all sorts, motor cars and motor trucks, and paper for printing and packing. There were decreases in the imports of barley, poultry and fresh fruits.⁵⁰

In the first six months of 1938, the picture was again reversed and there were decreases in all the four classes. The total imports for home consumption during this period was £P. 6,641,468 as compared with £P. 8,129,850 and £P. 6,732,742 for the corresponding period of 1937 and 1936 respectively. The decrease is partly due to lower prices in world markets.⁵¹

Food, drink, and tobacco imports decreased from £P. 2,316,968 in the first six months in 1937 to £P. 1,671,306 during the corresponding period of 1938, a decrease of 27.9 per cent. The chief items affected were grain, flour, and living animals for food. Imports of raw materials and articles mainly unmanufactured also dropped from £P. 759,102 to £P. 620,285, or 18.3 per cent. Similarly, imports of manufactured goods dropped by 13.6 per cent, from £P. 5,021,436 to £P. 4,340,411.⁵²

B. IMPORTS BY COUNTRIES OF ORIGIN.

Table VII gives the countries that supplied the bulk of the imports into Palestine during the period 1934 to 1937, together with the yearly value of the imports from each country and the ratio that that value bears to the total imports of Palestine for the same year. Comparison with earlier years is not possible because the statistics for 1926-1933 were compiled on the basis of countries of consignment and not countries of origin.

It appears from the table that the United Kingdom was the chief supplier of Palestine, except during 1937, when she lost her lead to Germany. The share of the United Kingdom in Palestine's import trade averaged 18.3 per cent during 1934-1937. The share in 1937 alone was only 15.8 per cent. It should be noted, however, that the

49. *Report to the League of Nations*, 1937, pp. 236-237.

50. *Ibid.*, pp. 237-238.

51. *General Monthly Bulletin of Current Statistics*, August, 1938, p. 330.

52. *Ibid.*

TABLE VII

Value of Imports of Merchandise by Countries of Origin,
1934 1937⁵³
(In thousands of Palestinian pounds)

Country of origin	1934		1935		1936		1937	
	Value	%	Value	%	Value	%	Value	%
United Kingdom	2 961	19.5	3 212	18.0	2 776	19.9	2 519	15.8
British Possessions	526	3.5	619	3.5	597	4.3	731	4.6
Belgium	620	4.1	719	4.0	382	2.7	495	3.1
Czechoslovakia	514	3.4	668	3.7	421	3.0	474	3.0
Egypt	457	3.0	594	3.3	514	3.7	631	4.0
France	418	2.8	350	2.0	214	1.5	270	1.7
Germany	1 659	10.9	2 197	12.3	2 040	14.6	2 628	16.5
Italy	481	3.2	449	2.5	86	0.6	321	2.0
Japan	594	3.9	646	3.6	419	3.0	494	3.1
Poland	475	3.1	779	4.4	429	3.1	475	3.0
Roumania	953	6.3	1 208	6.8	1 068	7.6	1 372	8.6
Syria	1 083	7.2	1 310	7.3	1 401	10.0	1 374	8.6
United States of America	1 283	8.5	1 499	8.4	1 008	7.2	1 099	6.9
Other countries	3 129	20.6	3 603	20.0	2 624	18.8	3 021	19.1
Total	15 153	100.0	17 853	100.0	13 979	100.0	15 904	100.0

above percentages include imports by Government, Military and Iraq Petroleum Company stores. The supplies for these stores would ordinarily be imported from United Kingdom. Imports for these stores for 1934 1937 were as follows —⁵⁴

1934	£P 1,190 000	1936	1 661 000
1935	£P 1,288 000	1937	1 247 000

If we deduct these figures from the share of the United Kingdom in the total import trade of Palestine, as given in Table VII, we find that that share would be materially reduced. Indeed, such a deduction would show that Germany's share exceeded that of the United Kingdom, not merely in 1937 but from 1935 onwards. Germany's lead in 1937 would exceed by 1.3 million Palestinian pounds. This lead, however, is likely to be only temporary, as it is due mainly to the large influx of Jewish capital from Germany in the form of goods sold at uneconomic

⁵³ *Statistical Abstract of Palestine* 1933-38 pp 77 and 79

⁵⁴ *Ibid* p 71

prices. Moreover, many of the articles thus imported compete seriously in price with British goods.⁵⁶

Detailed statistics of the principal items of import according to countries of origin are not yet available for 1937, hence the figures for 1936 will be used as illustrations. During the year 1936 the chief items imported from the United Kingdom were: textiles, particularly woolen tissues, cotton piece goods, wearing apparel, electrical goods of various sorts, industrial and other machinery, motor cars, tinplate sheets, and chemical fertilizers.⁵⁷ There were also imports of foodstuffs, including fish in brine, dry salted and smoked, tea, sugar whisky, cigarettes, beer in bottles, and chocolates.

During 1937, Germany ranked first as a source of imports, supplying Palestine with £P. 2,628,226, or 16.5 per cent of her total imports as against the United Kingdom's share of £P.2,518,669, or 15.8 per cent. As was referred to above, Germany's real share in the goods sold in the open competitive market of Palestine was actually greater than the United Kingdom's share during 1935 and 1936, and her lead in 1937 is much greater than the figures just quoted seem to indicate.

An important factor affecting imports from Germany is "the exchange transfer arrangements made under the auspices of the Reichsbank, and Havara Ltd. in Palestine, whereby immigrants or intending immigrants are enabled to transfer their capital from Germany to Palestine provided that only goods to a like value are exported from Germany to Palestine."⁵⁸ But it is stipulated that the goods to be imported should not compete with Palestine products. This more or less forced importation has resulted in the sale of German goods at lower prices than would have been possible under normal conditions, and thus has given Germany a competitive advantage. Besides, the Palestine Government admits duty free the used personal effects of immigrants. These effects are given a wide interpretation and include implements, instruments and tools of trade in addition to household goods.⁵⁹

Some restrictions were later introduced by Germany. These were intended chiefly to prohibit or restrict the exportation of certain articles from Germany and thus had the effect of narrowing the choice of exportable goods for those who desired to transfer capital to Palestine. The German competitive advantage must have undoubtedly increased in

56. Empson, *op. cit.*, p. 10.

57. Taken from *Palestine Blue Book*, 1936, pp. 212-213.

58. Empson, *op. cit.*, pp. 10-11.

59. *Ibid.*, p. 11.

consequence When to the above considerations we add the further fact that in many lines the products of the United Kingdom are subject to competition from German products, we have some explanation of the lead that Germany has secured in the import markets of Palestine

The principal items imported from Germany during 1936 included iron bars angles and rods, iron girders, iron pipes and tubes, industrial machinery and other types of machinery, drugs and medicines, and used personal effects The last item was the largest in the list, amounting in 1936 to £P 365 494 as against £P 186 976 in 1935 60

The other countries which supplied the bulk of imports into Palestine were the British Possessions, Belgium, Czechoslovakia, Egypt, France, Italy Japan Poland Roumania, Syria, and the United States of America The chief imports from Syria and Egypt will be treated in a later section of this chapter The share of Roumania has risen steadily since 1934 when it occupied fifth place and supplied Palestine with 63 per cent of her total imports During 1935 it rose to 68 per cent During 1936 and 1937, Roumania advanced to fourth place, with her share rising to 76 and 86 per cent respectively In 1937, Roumania was a very serious competitor with Syria for third place, Syria's lead being only by £P 2,406

The principal articles imported from Roumania during 1936 were cattle (oxen cows and calves), poultry (live), wood and timber other than for furniture petroleum crude and fuel oil, wood prepared for citrus cases benzine and kerosene in bulk and in other than tin containers 61

The United States of America occupied third place in 1934, supplying 85 per cent of Palestine's imports She held the same position in 1935, her share being 84 per cent During the succeeding two years, the United States of America dropped to fifth place, being preceded by Syria and Roumania Her share was 72 per cent in 1936 and 69 per cent in 1937 The chief cause of the drop was a heavy decline in the imports of motor cars from £P 192,112 in 1935 to only £P 54 953 in 1936 62 Chassis and tractors also dropped from £P 158 621 in 1935 to £P 49 245 in 1936 63

The principal items imported from the United States of America during 1936 were wheat flour raw apples, frigidaires and parts thereof, motor cars, chassis and tractors, and parts and accessories of motor cars 64

60 *Palestine Blue Book* 1936 pp 227 229

61 *Ibid* p 237

62 *Ibid* p 254

63 *Ibid*

64 *Ibid*

Other principal imports from miscellaneous countries were as follows :— Australia : wheat flour; Cyprus : potatoes; India : shelled groundnuts; Belgium : iron bars, angles and rods, and various types of manufactured iron goods; Bulgaria : sunflower seeds; Czechoslovakia : iron pipes and tubes, and woolen tissues; Poland : wood for citrus cases, plywood, and used personal effects; Russia : wood and timber, wood prepared for citrus cases; Yugoslavia : cattle (oxen, cows and calves), cement, and wood prepared for citrus cases; Dutch East Indies : sugar; Iran : crude petroleum and fuel oil; Japan : grey, bleached, dyed and printed cotton piece goods; Turkey : sheep and lambs.⁶⁵

IV. Merchandise Exports

The classification of exports used by the Department of Customs, Excise and Trade is the same as that of imports. The reclassification in 1937 of the articles included under Class IV does not affect comparison of the figures of that year with those of previous years, as the amounts involved are exceedingly negligible.⁶⁶ Table VIII gives the exports for 1923 to 1937 by main classes.

Exports of Class I, i.e. food, drink, and tobacco, have not fallen below 70 per cent of the total export of Palestine produce throughout the period covered in Table VIII, except slightly during the years 1924 and 1925. The average yearly exports for the five-year period 1927 to 1931 was £P. 1,270,000 or 75.2 per cent. The peak year in this five-year period was 1927, when exports reached £P. 1,494,000 or 78.6 per cent. The lowest figure was that of 1928, being £P. 1,051,000 or 70.7 per cent. The decline was due chiefly to a drop in citrus exports.

The average annual exports under Class I for the succeeding six-year period 1932 to 1937 is £P. 3,133,000, representing 86.3 per cent of the average yearly exports of Palestine. During this period, the four years 1932 to 1935 showed steady advances, the figure rising from £P. 1,230,000 in 1931 to £P. 2,025,000 in 1932, to £P. 2,865,000 in 1934, and to £P. 3,741,000 in 1935. In 1936, there was a decline, bringing the figure down to £P. 3,048,000. The rise in 1937, however, was sufficient to make up for the drop of 1936, and also to push the figure to £P. 4,875,000, or well over a million pounds above the 1935 exports. This did not continue, as the first six months of 1938 showed a decline of

65. *Ibid.*, pp. 214-252.

66. See *Statistical Abstract of Palestine, 1937-38*, p. 62.

TABLE VIII

Value of Merchandise Exports by Classes, 1923-1937⁶⁷
(Amount in thousands of Palestinian pounds)

Year	Total merchandise exports	Class I Food drink and tobacco		Class II Raw materials and articles mainly unmanufactured		Class III Articles wholly or mainly manufactured		Class IV Miscellaneous and unclassified	
		Am t	% of total	Am t	% of total	Am t	% of total	Am t	% of total
1923	1 173	857	73.1	54	4.6	258	22.0	4	0.34
1924	1 232	860	69.8	96	7.8	265	21.5	11	0.9
1925	1 331	905	68.0	68	5.1	308	23.1	50	3.8
1926	1 308	1 017	77.7	48	3.7	235	18.0	8	0.6
1927	1 900	1 494	78.6	64	3.4	337	17.8	5	0.2
1928	1 487	1 051	70.7	75	5.0	354	23.8	7	0.5
1929	1 554	1 101	70.8	94	6.1	354	22.8	5	0.3
1930	1 896	1 476	77.8	52	2.7	365	19.3	3	0.2
1931	1 572	1 230	78.2	59	3.8	280	17.8	3	0.2
1932	2 381	2 025	85.1	43	1.8	312	13.1	1	—
1933	2 592	2 246	86.7	32	1.2	306	11.8	8	0.3
1934	3 217	2 865	89.1	55	1.7	294	9.1	3	0.1
1935	4 215	3 741	88.7	101	2.4	370	8.8	3	0.1
1936	3 625	3 048	84.1	158	4.3	417	11.5	2	0.1
1937	5 813	4 875	83.9	377	6.5	559	9.6	2	—
1938 ^a	3 259	2 845	87.3	98	3.0	316	9.7	—	—

a. The first six months only

14.5 per cent from the corresponding period of 1937. These changes from year to year are due mainly to variations in the quantity of citrus exported and to fluctuations in its prices (see Table IX).

Citrus fruits constitute the largest single item of export of Palestine. During the five years 1933 to 1937 the average annual export of citrus fruits constituted about 80 per cent of the average annual total value of Palestine's exports. Most of these are shipped in cases to the United Kingdom and continental countries. Small quantities are exported in bulk.

Table IX gives the quantity and value of citrus exports in cases for the period 1920-21 to 1937-38, and also the quantity shipped during the last season before the War.

⁶⁷ Statistical Abstract of Palestine 1937-38 p. 59 and General Monthly Bulletin of Current Statistics August 1938 p. 330.

TABLE IX

Quantities and Values of Citrus Fruits Exported in Cases From Palestine During the Seasons 1913-14 and 1920-21 to 1937-38⁶⁸

Season June 1 to May 31	Oranges		Lemons		Grapefruit		Total	
	Cases	Value in £P.	Cases	Value in £P.	Cases	Value in £P.	Cases	Value in £P.
1913-14	—	—	—	—	—	—	1,553,861	—
1920-21	830,959	205,615	—	—	—	—	830,959	205,615
1921-22	1,234,251	333,716	—	—	—	—	1,234,251	333,716
1922-23	1,365,543	426,054	—	—	—	—	1,365,543	426,054
1923-24	1,589,331	431,582	—	—	—	—	1,589,331	431,582
1924-25	2,146,457	621,276	—	—	—	—	2,146,457	621,276
1925-26	1,515,116	466,669	3,615	963	—	—	1,518,731	467,632
1926-27	2,658,716	825,046	9,575	2,851	—	—	2,668,291	827,897
1927-28	2,210,308	652,133	10,135	2,687	—	—	2,220,443	654,820
1928-29	1,787,493	534,887	12,789	3,695	2,265	930	1,802,547	539,512
1929-30	2,590,861	777,256	6,333	1,899	13,011	5,622	2,610,205	784,777
1930-31	2,425,115	727,647	4,803	1,264	39,938	15,602	2,469,856	744,513
1931-32	3,584,949	1,725,152	7,729	2,540	105,811	57,569	3,698,489	1,785,261
1932-33	4,229,545	1,961,000	16,261	6,949	244,603	129,444	4,490,409	2,097,393
1933-34	5,157,777	2,441,478	22,323	8,318	353,250	183,584	5,533,350	2,633,380
1934-35	6,625,051	3,029,317	26,435	12,062	682,857	341,585	7,334,343	3,382,964
1935-36	4,992,254	2,198,982	50,336	31,901	843,811	304,987	5,886,401	2,535,870
1936-37	9,190,683	3,377,845	71,501	29,760	1,533,710	465,824	10,795,894	3,873,429
1937-38	9,512,337	—	80,227	—	1,804,484	—	11,397,048	—

It is evident from Table IX that of the citrus fruits exported, oranges constitute the predominant item, both in quantity and in value. As a result chiefly of increased acreage⁶⁹ but also of improved methods of cultivation, as well as of marketing and transportation, the quantity of orange exports rose considerably. Whereas until the end of the 1925-26 season an average of approximately one and a half million cases was exported annually, in the succeeding five years the average rose to two and one-third million boxes. Since 1932-33 the number of cases exported has increased more rapidly, with the exception of the 1935-36 season when the exports declined to almost five million cases, as compared with

68. From Table XIV, Chapter IV and *Statistical Abstract of Palestine*, 1937-38, p. 7b.

69. See Chapter IV, p. 138.

TABLE VIII

Value of Merchandise Exports by Classes, 1923-1937⁶⁷
(Amount in thousands of Palestinian pounds)

Year	Total merchandise exports	Class I Food drink and tobacco		Class II Raw materials and articles mainly unmanufactured		Class III Articles wholly or mainly manufactured		Class IV Miscellaneous and unclassified	
		Am t	% of total	Am t	% of total	Am t	% of total	Am t	% of total
1923	1 173	857	73.1	54	4.6	258	22.0	4	0.34
1924	1 232	860	69.8	96	7.8	265	21.5	11	0.9
1925	1 331	905	68.0	68	5.1	308	23.1	50	3.8
1926	1 308	1 017	77.7	48	3.7	235	18.0	8	0.6
1927	1 900	1 494	78.6	64	3.4	337	17.8	5	0.2
1928	1 487	1 051	70.7	75	5.0	354	23.8	7	0.5
1929	1 554	1 101	70.8	94	6.1	354	22.8	5	0.3
1930	1 896	1 476	77.8	52	2.7	365	19.3	3	0.2
1931	1 572	1 230	78.2	59	3.8	280	17.8	3	0.2
1932	2 381	2 025	85.1	43	1.8	312	13.1	1	—
1933	2 592	2 246	86.7	32	1.2	306	11.8	8	0.3
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1935	4 215	3 741	88.7	101	2.4	370	8.8	3	0.1
1936	3 625	3 048	84.1	158	4.3	417	11.5	2	0.1
1937	5 813	4 875	83.9	377	6.5	559	9.6	2	—
1938 ^a	3 259	2 845	87.3	98	3.0	316	9.7	—	—

a The first six months only

14.5 per cent from the corresponding period of 1937. These changes from year to year are due mainly to variations in the quantity of citrus exported and to fluctuations in its prices (see Table IX).

Citrus fruits constitute the largest single item of export of Palestine. During the five years 1933 to 1937 the average annual export of citrus fruits constituted about 80 per cent of the average annual total value of Palestine's exports. Most of these are shipped in cases to the United Kingdom and continental countries. Small quantities are exported in bulk.

Table IX gives the quantity and value of citrus exports in cases for the period 1920-21 to 1937-38, and also the quantity shipped during the last season before the War.

⁶⁷ *Statistical Abstract of Palestine 1937-38* p. 39 and *General Monthly Bulletin of Current Statistics* August 1938, p. 350.

TABLE IX

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Season June 1 to May 31	Oranges		Lemons		Grapefruit		Total	
	Cases	Value in £P.	Cases	Value in £P.	Cases	Value in £P.	Cases	Value in £P.
1913-14	—	—	—	—	—	—	1,553,861	—
1920-21	830,959	205,615	—	—	—	—	830,959	205,615
1921-22	1,234,251	333,716	—	—	—	—	1,234,251	333,716
1922-23	1,365,543	426,054	—	—	—	—	1,365,543	426,054
1923-24	1,589,331	431,582	—	—	—	—	1,589,331	431,582
1924-25	2,146,457	621,276	—	—	—	—	2,146,457	621,276
1925-26	1,515,116	466,669	3,615	963	—	—	1,518,731	467,632
1926-27	2,658,716	825,046	9,575	2,851	—	—	2,668,291	827,897
1927-28	2,210,308	652,133	10,135	2,687	—	—	2,220,443	654,820
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1932-33	4,229,545	1,961,000	16,261	6,949	244,603	129,444	4,490,409	2,097,393
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1936-37	9,190,683	3,377,845	71,501	29,760	1,533,710	465,824	10,795,894	3,873,429
1937-38	9,512,337	—	80,227	—	1,804,484	—	11,397,048	—

It is evident from Table IX that of the citrus fruits exported, oranges constitute the predominant item, both in quantity and in value. As a result chiefly of increased acreage⁶⁹ but also of improved methods of cultivation, as well as of marketing and transportation, the quantity of orange exports rose considerably. Whereas until the end of the 1925-26 season an average of approximately one and a half million cases was exported annually, in the succeeding five years the average rose to two and one-third million boxes. Since 1932-33 the number of cases exported has increased more rapidly, with the exception of the 1935-36 season when the exports declined to almost five million cases, as compared with

68. From Table XIV, Chapter IV and *Statistical Abstract of Palestine*, 1937-38, p. 76.

69. See Chapter IV, p. 138.

6.6 millions in the previous season. The rise in 1936-37 was phenomenal, reaching a little over nine million cases. In the 1937-38 season the quantity of exports rose to 9,512,337 cases.

Variations in value of oranges exported differ considerably from variations in quantity. The price obtained for oranges is not uniform from season to season or even for various shipments during the same season. Comparing the quantities and values, as given in Table IX, we find that the value of exports in 1932-33, as compared with 1931-32, did not rise in the same proportion as the rise in quantity. The opposite was true of 1933-34, as compared with the preceding year. In 1934-35 again the increased value of exports as compared with exports of 1933-34 was not as great as the increase in quantity. During 1935-36, the drop in value shown in Table IX was caused more by a drop in price than by the decline in quantity. The heavy increase in quantity during 1936-37 was to some extent counterbalanced by a drop in prices, averaging about 17 per cent less than the average price of 1935-36.

Grapefruit has become of considerable importance as an article of export. Grapefruit first appeared on the export list in 1928-29. During that year 2,265 cases, valued at £P 930, were exported. The succeeding years witnessed a very rapid and uninterrupted rise in the quantity exported, reaching over a million and a half cases in 1936-37. The quantity increased further to 1,804,484 cases in 1937-38. The price obtained for grapefruit declined sharply in 1935-36. Although the total exports of grapefruit during that year rose by 160,954 cases over those in 1934-35 the value was lower by £P 36,598. There was a further decline in price in 1936-37, as the quantity exported increased by about 82 per cent, whereas the total value received was only 53 per cent over that of the preceding year. The continuous drop in grapefruit prices induced the Government to restrict export to the more popular "counts".⁷⁰ Exports of lemons are comparatively small, but they have been increasing steadily.

Other important articles in Class I (food, drink and tobacco) exports include edible olive oil, other edible oils, rice, *dura* and maize, barley, watermelon, cakes for feeding animals, confectionery and sweets, wines and fruit juice and syrup. The exports of these articles fluctuate considerably from year to year, depending chiefly upon the yield, and do not ordinarily figure high in the export trade of Palestine. The fluctuations in yield are shown in Chapter IV. Table X gives the export values of these articles from 1927 to 1937. The great fall in the value

of watermelon exports since 1931 is due to protective tariffs on imports of fruits imposed by Egypt during 1931.

TABLE X

Value of Principal Articles Under Class I (Food, Drink and Tobacco)
Exported During 1927-1937⁷¹
(In thousands of Palestinian pounds)

Article	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
Oranges in cases	814	649	517	857	886	1,701	1,949	2,430	3,131	2,485	3,649
Oranges in bulk	—	—	32	50	18	9	3	6	21	22	108
Grapefruit in cases	—	—	4	10	40	80	129	220	376	307	534
Lemons in cases	3	3	4	1	2	6	7	12	18	35	33
Olive oil, edible	68	13	8	19	19	20	21	19	33	26	91
Other oils, edible	7	22	28	4	9	30	27	36	24	51	112
Rice	—	—	—	—	—	—	—	—	—	4	58
<i>Dura</i> and maize	99	74	91	152	38	2	2	5	15	6	53
Barley	73	51	27	56	2	1	—	19	—	—	57
Watermelons	116	52	102	84	48	31	21	30	31	20	16
Cakes, all sorts, for feeding animals	—	10	26	2	—	9	8	15	10	2	38
Confectionery and sweets	3	3	2	2	1	2	2	1	7	15	22
Wines	22	31	27	31	31	31	22	23	20	20	19
Fruit juice and syrup	—	—	—	3	3	4	7	7	9	8	10
Total	1,205	908	868	1,271	1,097	1,926	2,198	2,823	3,695	3,001	4,800
% of total Class I	81	86.4	78.8	86.1	89.2	95	97.9	98.5	98.8	98.5	98.5

The principal exports in Class II, i.e. articles wholly or mainly unmanufactured, are raw and dried hides and skins, intestines, raw and waste wool, and sulphur (see Table XI). Only the first-named articles are exported in important quantities, and that only since 1936.

71. *Statistical Abstract of Palestine*, 1937-38, pp. 72-73.

TABLE XI

Value of Principal Articles Under Class II (Articles Mainly Unmanufactured) Exported During 1927-1937⁷²

(In thousands of Palestinian pounds)

Article	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
Hides and skins raw and dried	23	36	48	28	22	14	14	22	48	108	187
Intestines	5	7	12	8	7	5	8	13	25	18	24
Wool raw and waste	30	19	21	5	1	—	1	1	2	6	13
Sulphur	—	—	—	—	—	—	—	—	—	1	3
Total	58	62	81	41	30	19	23	36	75	133	227
% of total Class II	90.6	82.7	86.2	78.8	50.8	44.2	71.9	65.5	74.3	84.9	60.2

Exports under Class III, i.e. articles wholly or mainly manufactured did not show any appreciable increases before 1936, chiefly because the output of industry went to satisfy the growing demand of the home market. The value of Class III exports during the thirteen-year period 1923-1935 averaged £P 310,700 annually. The year with the lowest figure was 1926, during which exports under Class III amounted to £P 236,000. The peak year of that period was 1935, when the value of exports reached £P 370,000. That, however, was only about £P 5,000 more than the exports of 1930.

During 1936 and 1937, the exports under Class III increased to £P 417,078 and £P 538,753 respectively. This was due to the uncertainty of the home market, the improved conditions of trade abroad, and a rise in world prices.⁷³ In spite of this increase, however, exports of manufactured goods in Class III are still very low. The ratio of exports of such goods to total exports of Palestine produce was 11.5 per cent in 1936 and 9.6 per cent in 1937.

Table XII shows the value of the principal exports under Class III. These include laundry soap, potash, bromine, cotton yarn and thread, wearing apparel, artificial teeth, paper and cardboard goods, stockings

⁷² *Statistical Abstract of Palestine 1937-38* pp. 72-73.

⁷³ Horowitz and Hinden *op cit* p. 102.

and socks, and essences of all kinds. Until 1935, laundry soap was the leading article in this group. From 1927 to 1930 inclusive, exports of laundry soap declined slowly but remained over £P. 200,000 annually. In fact the annual average was £P. 218,737. In 1931, the exports fell abruptly to £P. 117,393, owing chiefly to the high customs tariffs imposed by Egypt during that year. Exports to Egypt fell from 4,896 tons in 1930 to 2,566 tons in 1931.⁷⁴ The decline continued gradually, the exports of 1934 being valued at £P. 69,368. There was a slight revival in 1935, a greater decline in 1936 and further slight recovery in 1937, raising the export figure of that year to £P. 74,262.⁷⁵

TABLE XII

Value of Articles Under Class III (Articles Mainly or Wholly Manufactured) Exported During 1927-1937 ⁷⁶

(In thousands of Palestinian pounds)

Article	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
Soap, laundry	233	223	214	205	117	105	75	69	78	52	74
Potash	—	—	—	—	—	—	—	—	80	133	175
Bromine	—	—	—	—	—	—	—	—	19	35	42
Cotton yarn and thread	—	—	—	—	—	2	2	2	2	19	41
Wearing apparel of all kinds	1	8	13	19	17	16	27	38	63	47	34
Artificial teeth	1	4	9	10	16	13	24	29	34	32	34
Paper and cardboard goods	—	—	—	2	4	3	2	4	5	4	27
Stockings and socks	13	17	19	20	16	12	12	9	11	7	10
Essences of all kinds	4	4	5	—	1	2	4	7	6	14	8
Total	252	256	260	256	171	153	146	159	298	343	446
% of total Class III	74.8	72.3	73.4	70.1	61.1	49	47.7	54.1	80.5	82.3	79.8

74. *Annual Report of the Department of Customs, Excise and Trade, 1931*, p. 40.

75. *Statistical Abstract of Palestine, 1937-38*, pp. 74-75.

76. *Ibid.*, pp. 74-75.

No statistics are available for potash and bromine exports prior to 1935. Exports of potash in 1935 were 18,124 tons, valued at £P 80,231. The following year there was a slight increase in quantity to 19,793 tons, but, owing to higher prices the value amounted to £P 132,857. Exports in 1937 were 29,110 tons valued at £P 174,672.⁷⁷ Bromine exports followed a similar course. Exports rose from 403 tons valued at £P 18,751 in 1935 to 478 tons valued at £P 35,097 in 1936. In 1937 exports again rose to 533 tons worth £P 42,026.⁷⁸

Exports under Class IV, which, according to the 1937 classification, included only living animals not for food, are negligible, as may be observed from Table VIII.

The chief markets for Palestine produce are the United Kingdom, Syria, Holland, Germany, Poland, Sweden, and Belgium. Table XIII gives the percentage distribution of Palestine's exports by leading countries of destination for the period 1930-1937.

The United Kingdom is the leading buyer. Her yearly purchases during the eight-year period covered in Table XIII have averaged approximately 53 per cent of Palestine's exports. These purchases consist almost exclusively of citrus fruits. The extent of the citrus trade with the United Kingdom is given in Table XIV.

TABLE XIII

Percentage Distribution of Exports of Palestine Produce According to Countries of Destination 1930-1937.⁷⁹

Countries	1930	1931	1932	1933	1934	1935	1936	1937
United Kingdom	37.07	45.05	56.35	60.17	55.49	60.59	54.35	54.19
Syria	11.09	14.16	9.65	8.22	6.92	7.19	8.56	10.75
Germany	10.71	12.83	13.97	14.42	18.67	5.95	3.61	1.82
Holland	3.04	0.63	1.32	2.08	2.41	4.40	5.49	5.59
Poland	0.87	1.12	0.69	0.58	0.99	2.90	3.76	2.71
Sweden	0.07	0.78	0.58	0.97	1.08	1.29	3.46	2.67
Belgium	2.79	0.72	0.19	0.38	0.93	1.85	1.85	3.05
Egypt	20.86	11.32	5.41	2.78	2.19	1.84	1.74	1.71
France	3.18	2.62	1.48	0.85	0.92	2.13	1.31	2.40

⁷⁷ *Ibid.*, p. 75.

⁷⁸ *Ibid.*

⁷⁹ *Ibid.* p. 79.

TABLE XIV

Number of Citrus Cases Exported to the United Kingdom and Their Proportion of Total Citrus Exports, during 1934-35 to 1937-38⁸⁰

year	Cases	% of total
1934-35	5,270,490	71.9
1935-36	4,009,803	68.0
1936-37	7,610,845	70.5
1937-38	6,908,985	60.5

Citrus exports to the United Kingdom for 1935 and 1936 represented 97.9 and 96.3 per cent respectively of her entire purchases from Palestine.⁸¹ Bromine to the value of £P. 31,250 and potash valued at £P. 18,198 were exported during 1936.⁸²

Until the beginning of 1935, Germany ranked second among the countries buying from Palestine. During 1935, she lost her second place to Syria. Her share of Palestine's exports dropped to 5.95 per cent as compared with 18.67 per cent in 1934. In 1936 she held fifth place, her share being 3.61 per cent. Again in 1937 her share dwindled to 1.82 per cent. This decline in Germany's share of Palestine's exports is attributable chiefly to strict government regulation of imports. Citrus fruits, Palestine's chief export, are considered a luxury and in consequence are admitted only in strictly limited quantities.

Holland's share of Palestine's export trade has steadily risen since 1931. During that year, Holland bought only 0.63 per cent of Palestine's exports. In 1937 her share rose to 5.59 per cent, being exceeded only by the United Kingdom and Syria. Here again citrus exports constitute the chief item.

Belgium's purchases expanded in 1937, and her share rose from 1.85 per cent in 1935 and 1936, to 3.05 per cent in 1937, citrus fruits being the chief item of export. Some potash was exported to Belgium.

As in the case of Holland, Palestine's exports to Poland have risen steadily, so that in 1937, Poland ranked fifth among Palestine's export

80. Figures for first two years from *Department of Agriculture and Forests, Annual Report, 1935-36*, p. 194; figures for the last two years from *Department of Agriculture and Fisheries, Annual Report, 1937-38*, p. 69.

81. Calculated from figures in *Palestine Blue Book, 1936*, p. 214.

82. *Ibid.*, p. 214.

markets, her share being 2.71 per cent. The chief item of export is citrus fruits. Palestine's trade with Poland is affected by an agreement, between the Polish Government and the Jewish Agency, to regulate the transfer of capital from Poland. According to this arrangement, 'pay ments for citrus should be balanced by the purchase in Poland of wood for citrus cases to the extent of 60 per cent of the value of the fruit bought by Poland'⁸⁴ The remaining 40 per cent is recoverable from the proceeds of the sale of exports specified in the agreement.⁸⁵ The agreement has not been operating successfully and new arrangements are being discussed.⁸⁶

Exports to Sweden have also been increasing. During 1936 and 1937 Sweden ranked sixth, and her share of Palestine's exports was 3.46 per cent for 1936 and 2.67 per cent for 1937. Again citrus fruits are the predominant item.

The French market has declined in importance, although there was some recovery in 1937. During that year France's share rose to 2.40 per cent as compared with the preceding year's share of 1.31 per cent.

Exports to Syria and Egypt are discussed in another section of this chapter.⁸⁷

V Re exports

Re-exports do not yet constitute an important part of the foreign trade of Palestine. Their annual value in any one year between 1923 and 1937 never exceeded five per cent of the value of imports. Nor did they rise to an extent comparable to that indicated by imports or exports. The average yearly total re-exports for the five years 1927 to 1931 was approximately £P 211,000. During the succeeding four years, 1932 to 1935, it rose to about £P 287,000, an increase of 36 per cent.

The sharp rise in re-exports in 1936 and 1937 as compared with 1935 is noteworthy. It will be observed from Table XV, however, that the increase affected almost exclusively re-exports from Class IV which, until 1937, consisted mainly of items for Government, Military, and Iraq Petroleum Company stores. This, together with the fact that the bulk of the re-exports went to Egypt,⁸⁸ seems to indicate that the increase in

⁸⁴ *Palestine and Middle East Economic Magazine* March 1937 p. 155

⁸⁵ *Ibid.*

⁸⁶ *Ibid.* June 1933 p. 233

⁸⁷ See *infra* pp. 425-430

⁸⁸ See Table XIII

re-exports in 1936 and 1937 was caused chiefly by movements of army supplies and munitions between Palestine and Egypt on account of the political disturbances.⁸⁹ Table XV gives the value of re-exports from each class for the period 1927 to 1937.

TABLE XV

Value of Merchandise Re-exports by Classes, 1927-1937⁹⁰
(Amount in thousands of Palestinian pounds)

Year	Total merchandise re-exports	Class I Food, drink and tobacco		Class II Raw materials and articles mainly unmanufactured		Class III Articles wholly or mainly manufactured		Class IV Miscellaneous and unclassified	
		Am't	% of total	Am't	% of total	Am't	% of total	Am't	% of total
1927	246	6	2.4	4	1.6	88	35.8	148	60.2
1928	178	5	2.8	2	1.1	92	51.4	80	44.7
1929	198	8	4.1	3	1.5	79	39.9	108	54.5
1930	182	4	2.2	6	3.3	71	39.0	101	55.5
1931	251	4	1.6	8	3.2	75	29.9	164	65.3
1932	244	11	4.5	2	0.8	88	36.2	142	58.5
1933	319	5	1.6	3	0.9	83	26.0	228	71.5
1934	284	5	1.7	3	1.1	84	29.6	192	67.6
1935	301	10	3.3	3	1.0	111	36.9	177	58.8
1936	642	10	1.6	3	0.5	126	19.6	503	78.3
1937	636	33	5.2	11	1.7	588	92.5	4	0.6

The wide discrepancy between the values re-exported in 1936 and 1937 under Classes III and IV is accounted for by the change in the customs classification in 1937, already referred to. All items previously included under Class IV, with the exception of living animals for food, were distributed among the other classes. As most of these items are manufactured goods, the share of Class III from the redistribution was the greatest.

No data are available as to the nature of the articles re-exported, except for the year 1937. Table XVI gives the value of the principal commodities re-exported during that year.

89. In times of disturbances, reinforcements are usually borrowed from British forces in Egypt.

90. Compiled from *Palestine Blue Book*, 1936, pp. 209-210, and *Report to the League of Nations*, 1937, pp. 247-248.

TABLE XVI

Value of Principal Commodities Re-exported in 1937
(Previously included in imports)⁹¹

Commodities	£P
Cigarettes	9 822
Wood and timber	4 211
Iron pipes	14 829
Iron pipes fittings and drawn tubes	5 530
Cinema film synchronized with sound on film	11,100
Medical optical and veterinary instruments	7 116
Electrical goods	4 013
Industrial and manufacturing machinery	23 399
Component parts of exempted machinery	5 940
Motor cars omnibuses lorries and vans	11 847
Parts of motor vehicles and tractors	9 449
Used personal effects	72 409
Goods manufactured (not elsewhere specified)	326 620
All other goods	129 808
Total	636 093

The chief countries of destination of Palestine's re-exports are Egypt, Syria the United Kingdom, and Iraq. During the period 1932 to 1937 these countries together received about 81 per cent of Palestine's re-exports. Table XVII gives the principal countries of destination of Palestine's re-exports, and the values re-exported to each.

Re-exports to Syria are regulated by the special Customs Agreement of 1929. According to that agreement foreign goods on which duty has been paid in Palestine, if subsequently re-exported in their original state, enter Syria free of duty when the Syrian tariff is the same or lower than the Palestinian tariff and pay the difference when the Syrian tariff is higher. In the case where the Syrian tariff is lower, however, the importer of Palestinian re-exports collects a refund equal to the difference between the two duties. A complete record is made of all these transactions and a settlement is made between the two Governments from time to time, each refunding to the other duties collected on subsequently re-exported goods.

⁹¹ Report to the League of Nations, 1937 pp. 247-248.

TABLE XVII

Chief Countries of Destination of Palestine's Re-exports, 1932-1937⁹²

	1932	1933	1934	1935	1936	1937
United Kingdom	23	28	43	26	45	107
Other parts of the British Empire	4	6	5	8	11	17
France	7	2	19	3	5	7
Germany	10	10	11	11	17	14
Poland	1	1	4	3	5	8
Roumania	2	1	4	1	3	2
Egypt	119	161	95	142	424	311
Iraq	20	23	6	11	9	25
Syria	41	71	59	57	54	75
United States of America	5	5	11	9	8	15
Other countries	12	11	27	30	61	55
Total	244	319	284	301	642	636

Until 1935, a drawback of the amount of the duty paid, less ten per cent, was allowed on all imports (with some exceptions) if they were subsequently re-exported in their original form. During 1935, the drawback system was extended to apply to any imported material used in the manufacture of goods exported from Palestine, provided the Standing Committee for Commerce and Industry is satisfied that the drawback does not work to the disadvantage of producers of like commodities and that it is to the interest of Palestine that it should be allowed.⁹³

Bonded warehouse facilities are now available in Palestine, and increasing use is being made of them. The following figures give the value of goods re-exported from Bond for the corresponding years :—⁹⁴

1933	£P. 48,285
1934	49,047
1935	68,445
1936	84,904
1937	115,074

92. Figures for 1932-1936 taken from *Palestine Blue Book*, 1936, pp. 202-208; for 1937, from *Palestine Commercial Bulletin*, Feb., 1938, p. 57.

93. *Annual Report of the Department of Customs, Excise and Trade*, 1935, p. 4.

94. *Palestine Blue Book*, 1936, p. 208, and *Palestine Commercial Bulletin*, February, 1938, p. 58.

VI Transit

The opening of the trans-desert motor route to Iraq and Iran tended to increase the transit trade of both Syria and Palestine. Goods which previously had to circumnavigate the Arabian Peninsula to reach Iraq or Iran may now be discharged at Beirut or Haifa and sent overland to those countries. Also some of the local produce of Iraq and Iran finds its way to the West through the same route.

Palestine's natural position in respect to this trans-desert transit trade is not as favorable as that of Syria, whose route to Baghdad is shorter and easier than that of Palestine. Palestine's disadvantage, however, has been counterbalanced to some extent by the construction of the Haifa Harbor in 1933, which harbor is now able to offer all the necessary facilities for those engaged in the transit and re-export business.

The value of Palestine's transit trade, like her re-export trade, has increased but not to the same extent as the increase in imports and

TABLE XVIII

Value of Palestine's Merchandise Transit Trade by Classes, 1927-1936⁹⁵
(Amount in thousands of Palestinian pounds)

Year	Total merchandise transit trade	Class I		Class II		Class III		Class IV	
		Food, drink and tobacco		Raw materials and articles mainly unmanufactured		Articles wholly or mainly manufactured		Miscellaneous and unclassified	
		Am't	% of total	Am't	% of total	Am't	% of total	Am't	% of total
1927	131	11	9.4	2	1.5	114	87.0	4	3.1
1928	177	27	15.3	4	2.3	144	81.3	2	1.3
1929	265	105	39.6	2	0.1	156	58.9	2	0.7
1930	155	48	31.0	8	5.2	96	61.9	3	1.9
1931	177	45	25.4	2	1.1	113	63.8	17	9.7
1932	196	73	37.2	9	4.6	110	56.2	4	2.0
1933	188	91	48.4	—	—	91	48.4	6	3.2
1934	239	86	36.0	—	—	137	57.3	16	6.7
1935	482	59	12.3	1	—	399	82.9	23	4.8
1936	320	57	17.8	—	—	230	71.9	33	10.3

⁹⁵ *Palestine Blue Book 1936* pp. 209-210. Figures for 1937 are not yet available.

exports (see Table I). The value of goods passing through Palestine in transit averaged about £P. 181,000 annually during 1927 to 1931, and £P. 285,000 during 1932 to 1936.⁹⁶ Since 1933, there has been a gradual and steady increase in the value of the transit trade of Palestine, except for the year 1936, because of the disturbances. The increase since 1934 is accounted for mainly by the construction of the Haifa Harbor. In fact, merchandise passing through Haifa in transit to Iraq rose from £P. 1,300 in 1931 to £P. 273,303 in 1935.⁹⁷

No statistics are available to show the value and nature of the different commodities that compose Palestine's transit trade, except for crude oil sent by pipe line through the Port of Haifa (see Table XIX).

TABLE XIX

Transit from Iraq of Crude Oil by Pipe Line through the Port of Haifa,
1934-1937⁹⁸

(In thousands of Palestinian pounds)

Countries consigned to	1934	1935	1936	1937
United Kingdom	49	266	251	311
Belgium	—	19	—	8
France	181	1,127	1,168	957
Italy	—	22	29	113
Other countries Africa	—	49	89	156
Unknown destinations	—	—	26	—
Total	230	1,483	1,563	1,545

The chief countries exporting goods in transit *via* Palestine are Iraq, the United Kingdom, Egypt, Japan, and the United States of America. Iraq holds first place. Table XX gives the value of transit trade supplied by each of the principal countries exporting *via* Palestine.

Iraq also heads the list of countries importing goods in transit *via* Palestine, with Trans-Jordan ranking second. A list of the principal

96. In order to make comparison with previous years possible, the figures for 1935 and 1936 in Table I were reduced by the value of goods passing in transit from Iraq *via* the trans-desert motor route. They amounted to £P. 341,129 in 1935 and £P. 192,498 in 1936.

97. *Palestine and Middle East Economic Magazine*, March, 1937, p. 122.

98. *Statistical Abstract of Palestine*, 1937-38, p. 83.

TABLE XX

Chief Countries Exporting Goods in Transit *via* Palestine, 1932-1937⁹⁹
(Amount in thousands of Palestinian pounds)

Country	1932	1933	1934	1935	1936	1937
United Kingdom	33	29	36	151	124	155
Europe	50	28	77	142	54	113
Egypt	70	71	27	22	27	47
Iran	—	1	1	2	1	97
Iraq	—	2	6	347	194	261
Japan	13	33	50	64	52	57
Syria	19	3	1	1	—	1
Turkey	5	2	1	3	2	2
Trans-Jordan	—	—	—	3	3	—
United States of America	1	2	8	55	29	73
Other countries	5	16	32	33	27	21
Total	196	187	239	823 ^a	513 ^a	827 ^a

a Include goods in transit *via* the trans desert motor route, not included in previous years

TABLE XXI

Chief Countries Importing Goods in Transit *via* Palestine, 1932-1937¹⁰⁰
(Amount in thousands of Palestinian pound)

	1932	1933	1934	1935	1936	1937
United Kingdom	—	—	—	26	64	131
Egypt	12	3	7	13	11	8
Iraq	4	5	40	273	162	282
Syria	16	9	12	6	2	1
Trans-Jordan	155	169	179	182	146	170
United States of America	—	—	—	275	110	131
Other countries	9	1	—	48	18	104
Total	196	187	239	823 ^a	513 ^a	827 ^a

a Include goods in transit *via* the trans desert motor route, not included in previous years

99 Figures for 1932-1936 taken from *Palestine Blue Book*, 1936 pp 202-203, for 1937 from *Commercial Bulletin*, Feb., 1938 p 60

100 Figures for 1932-1936 from *Palestine Blue Book*, 1936, pp 202-203, for 1937 from *Commercial Bulletin*, February, 1938 p 59

countries of destination of Palestine's transit trade and the value of goods imported by each are given in Table XXI.

Transit trade to and from Iraq was given a further stimulus in February, 1937, when the Palestine Government concluded with Iraq a special customs agreement to facilitate trade between the two countries. According to the agreement, Palestine accords the Government of Iraq free zone facilities in the Port of Haifa; reduces the rates of customs duties on some Iraqi goods, if imported into Palestine through the Baghdad—Haifa land route; exempts, subject to some reservations, barley and ghee (*samn*) of Iraqi origin also, if imported by the land route; admits, free of duty, motor vehicles, tire and petrol imported by transport companies using the land route; reduces licence fees on public and commercial vehicles; provides special wharfage dues for goods imported or exported in transit by whatever enterprise.¹⁰¹ Furthermore, both Governments undertake to keep in good repair the sections of the Baghdad—Haifa land route in their respective territories.

Transit trade to and from Trans-Jordan is regulated by a transit agreement concluded in the latter part of 1928, providing for the free transit of goods between the two countries. Since the conclusion of this agreement, Trans-Jordan trade passing through Palestine has increased greatly.

VII. Trade with Neighboring Countries

Trade between Palestine and the neighboring states of Syria, Egypt and Iraq, taken together, is little developed. One common reason for this situation is the fact that Palestine and her neighbors are essentially agricultural countries producing many like commodities. During the four-year period 1934 to 1937, the value of imports from these countries into Palestine averaged approximately 13.25 per cent of the value of total imports, and the value of exports thereto averaged about 10.4 per cent of the value of total exports. Their share of the re-export and transit trade of Palestine, however, is much greater. Table XXII shows the proportion of each country's share in the various branches of Palestine's trade.

As may be seen from Table XXII, Syria supplies, on the average, about 63 per cent of Palestine's total imports from the three neighboring countries and also absorbs about 80 per cent of Palestine's exports to them.

101. *The Palestine Gazette*, Extraordinary No. 668, Feb., 1937, Supplement 2, p. 87.

TABLE XXII
The Share of Syria, Egypt and Iraq in Palestine's Foreign Trade,

1934 1937 102

(In percentage of total trade)

Year	Syria						Egypt						Iraq					
	Imports from	Exports to	Re-ex-ports to	Re-ex-ports from	Bond to	Transit to from	Imports from	Exports to	Re-ex-ports to	Re-ex-ports from	Bond to	Transit to from	Imports from	Exports to	Re-ex-ports to	Re-ex-ports from	Bond to	Transit to from
1934	7.18	6.92	20.79	13.14	5.13	0.37	3.01	2.19	33.52	10.01	3.04	11.46	1.19	0.19	2.22	1.26	16.60	2.36 ^a
1935	7.34	7.19	18.93	13.84	0.68	0.09	3.33	1.84	17.35	27.25	1.60	2.74	1.23	0.17	3.66	2.60	33.20	42.19
1936	10.03	8.56	8.38	10.93	0.46	0.05	3.68	1.74	55.97	12.32	2.15	5.20	1.12	0.16	1.40	4.70	31.64	37.72
1937	8.64	10.75	11.76	13.86	0.20	0.09	3.96	1.71	48.97	11.52	0.93	5.74	2.27	0.21	4.00	5.60	34.07	31.61

a. Excluding goods in transit via the trans desert motor route

102 Compiled from *Blue Book* 1936 pp. 206-209; *Statistical Abstract of Palestine* 1937 38 p. 79 and *Palestine Commercial Bulletin* February, 1938 pp. 57-60

In the section on re-exports, it was stated that the special customs agreement¹⁰³ between Syria and Palestine, concluded in May, 1929, provides for facilitating the exchange of goods of foreign origin if imported by one country and subsequently exported to the other. The said agreement also provides that goods manufactured in either country, whether from local produce or from partly or wholly foreign material, shall be admitted to the other country free of duty. Transit trade is allowed to move freely to and from either country, and goods exported from one or the other country, even when not originally declared to be in transit, may be allowed to proceed in transit immunity provided certain conditions are fulfilled. To facilitate the execution of the agreement and at the same time to prevent smuggling, each of the two Governments specifies the routes which the goods must follow to and from either country. Negotiations are now under way for amending the agreement to provide protection for Palestine's industry.

The value of Palestine's trade with Syria is given in Table XXIII.

TABLE XXIII

Palestine's Trade with Syria, 1927 to 1937¹⁰⁴

(In Palestinian pounds)

Year	Imports	Exports	Re-exports	Re-export, from Bond	Transit	
					To Syria	From Syria
1927	882,132	260,727	29,636	—	73,715	52,073
1928	944,654	358,085	23,724	—	71,913	85,259
1929	1,055,611	307,009	21,373	—	66,253	89,160
1930	1,035,411	210,342	26,066	—	36,581	30,698
1931	1,016,873	222,527	33,562	—	37,224	23,041
1932	813,218	229,903	40,987	—	16,024	19,056
1933	942,663	212,982	71,152	4,705	8,996	3,050
1934	1,083,095	222,643	59,031	6,444	12,284	892
1935	1,310,363	302,988	56,923	9,470	5,581	778
1936	1,401,484	310,248	53,837	9,282	2,353	251
1937	1,374,444	625,264	74,772	15,946	1,625	741

It will be observed that, with the exception of some decline in imports in 1932 and 1933, the value of imports from Syria remained almost stationary until 1935. The decline in 1932 and 1933 is a result of the

103. For the full text of the agreement see *Report to the League of Nations*, 1929, pp. 223-26.

104. Figures for 1927 to 1936 from *Blue Book*, p. 207; for 1937 from *Commercial Bulletin*, Feb., 1938, pp. 55-60.

depreciation of the sterling, and in consequence the Palestinian pound, in September, 1931, which made Syrian goods appear expensive in terms of Palestinian money. The rise in the value of imports from Syria since 1934 corresponds to the general rise in the value of total imports (see Table I). The value of exports to Syria has also risen. During 1935 and 1936, the annual value of exports was about 40 per cent higher than in 1934. In 1937, the value of exports was more than double the figure of 1936, and was only slightly more than 45 per cent of the value of imports from Syria during the same year.

Palestine's trade balance with Syria is favorable to Syria, Palestine purchases from Syria averaging approximately four times its sales to Syria. This is not unlike Palestine's general trade balance with all countries. It is interesting to note in this connection that, during the four years 1934 to 1937, the proportion of average yearly value of imports from Syria to the value of Palestine's total imports was almost identical with the proportion of the average yearly value of exports to Syria to the value of total yearly exports. The former proportion was 8.30 per cent and the latter 8.35 per cent.

The chief commodities that composed the bulk of Palestine's imports from Syria in 1936 were, in the order of their importance, as follows: wheat, barley, eggs, wheat flour, wearing apparel, silk tissues, leather boots and shoes, cement, and potatoes. The total value of these nine items represented about 60 per cent of the total Palestinian imports of Syrian origin.¹⁰⁵

The principal Palestinian exports to Syria in 1936, also arranged in the order of their importance, were as follows: edible oils other than olive oil, wearing apparel, sheep and goat skin, laundry soap, oranges in bulk, watermelons and melons, confectionery and sweets, and cotton yarn and threads. These eight items represented 69 per cent of the total exports of Palestine to Syria.¹⁰⁶

Palestine's trade with Egypt is much less important than Palestine's trade with Syria. Table XXII shows that during the period 1934 to 1937, the yearly value of imports from Egypt varied between 3.01 and 3.96 per cent of Palestine's total imports. The yearly value of exports to Egypt, during the same period, varied between 1.71 and 2.19 per cent of Palestine's total exports. Table XXIV shows the value of Palestine's trade with Egypt during the period 1927 to 1937.

¹⁰⁵ *Palestine Blue Book*, 1936 pp. 249-50. Information for 1937 is not yet available.

¹⁰⁶ *Ibid.*, pp. 250-51.

TABLE XXIV
Palestine's Trade with Egypt, 1927-1937¹⁰⁷
(In Palestinian pounds)

Year	Imports ^a	Exports	Re-exports	Re-exports from Bond	Transit	
					To Egypt	From Egypt
1927	1,755,538	552,669	159,465	—	54,349	74,140
1928	1,899,930	325,412	89,151	—	84,117	84,483
1929	1,781,620	366,757	105,546	—	83,320	128,439
1930	1,591,355	395,494	93,436	—	31,059	63,926
1931	1,025,547	177,945	162,642	—	30,124	43,870
1932	1,165,607	128,734	118,528	—	11,714	69,648
1933	1,208,227	71,962	160,568	3,735	3,421	70,830
1934	456,832	70,484	95,174	4,910	7,272	27,495
1935	594,378	77,402	142,375	18,650	13,115	22,551
1936	514,111	62,964	423,696	10,460	11,067	26,671
1937	630,521	99,242	311,360	13,262	7,703	47,466

a. Until 1934, imports were classified according to countries whence goods were consigned. From 1934 on, imports have been classified according to countries of origin.

The sudden decline in the value of imports from Egypt since 1933 is due to the change in the customs classification from countries of consignment to countries of origin. This change affected the figures of imports from Egypt in particular, as these figures up to 1934 included large quantities of goods transshipped to Palestine from Egypt.

The decline of Palestine's exports to Egypt from 1931 on is accounted for chiefly by the high tariff duties imposed by Egypt, which affected soap and fruit and vegetable exports particularly. The quantity of soap exported dropped from 4,896 tons in 1930 to 2,566 tons in 1931.¹⁰⁸

In August, 1936, an agreement¹⁰⁹ was concluded with Egypt with the object of facilitating commercial relations between the two countries. The agreement provided, among other things, for the reduction of Egyptian duties on certain fruits and vegetable exported to Egypt during specified periods of the year, i.e., periods when such exports to Egypt would not compete with Egyptian produce. The agreement provided further for reductions in the duties on Palestinian soap manufactured

107. Figures for 1927 to 1936 from *Blue Book*, 1936, p. 206; for 1937 from *Commercial Bulletin*, Feb., 1937, pp. 55-60.

108. *Annual Report of the Department of Customs, Excise and Trade*, 1931, p. 40.

109. *Palestine Commercial Bulletin*, Dec., 1936, pp. 503-507.

from pure olive oil. The agreement was made provisionally for one year, and was later renewed for another year. The increased trade manifested in the import and export figures of 1937 is in part the consequence of this agreement.

The chief items imported from Egypt during 1936, in the order of their importance, were . rice, sugar, asphalt, fresh and frozen fish, and eggs. The value of imports from these five items was 60 per cent of the total imports from Egypt 109a.

The chief export item to Egypt is soap. The value of soap exported in 1936 was £P 28,704, or about 46 per cent of the total exports 109b. Edible olive oil, wine, olive oil for industry and other essential oils were also exported in small quantities.

Trade with Iraq is the least important of Palestine's trade with her neighbors. This is brought out in Table XXII which shows that during the period 1934 to 1937 the yearly value of imports from Iraq varied between 1.12 and 2.27 per cent of Palestine's import trade, and the yearly value of exports to Iraq varied between 0.16 and 0.21 per cent of Palestine's export trade. Table XXV gives the value of Palestine's trade with Iraq during the years 1927 to 1937.

TABLE XXV

Palestine's Trade with Iraq, 1927-1937¹¹⁰
(In Palestinian pounds)

Year	Imports	Exports	Re- exports	Re exports from Bond	Transit	
					To Iraq	From Iraq
1927	1,970	335	443	—	2,066	—
1928	3,168	1,794	902	—	—	180
1929	18,017	3,223	1,850	—	—	20
1930	1,087	2,273	1,014	—	500	535
1931	5,031	761	3,921	—	1,300	742
1932	29,466	2,033	20,020	—	4,082	233
1933	81,592	5,395	23,375	1,598	5,248	2,261
1934	180,452	6,169	6,295	619	39,801	5,686
1935	219,776	7,070	10,993	1,370	273,303	347,281
1936	156,172	5,895	9,023	3,984	162,490	193,581
1937	361,161	12,047	25,421	6,448	281,906	261,535

109a *Palestine Blue Book*, 1936, p. 243.

109b *Ibid.*, p. 244.

110 Figures for 1927 to 1936 from *Palestine Blue Book*, 1936, p. 207; for 1937 from *Palestine Commercial Bulletin*, Feb., 1938, pp. 55-60.

Palestine's imports from Iraq have increased rapidly since 1931. The large increase in 1937 may be attributed in part at least to the special concessions, in the form of reductions of import duties on a number of items of Iraqi produce, granted under the special agreement of February 14, 1937. This agreement has already been referred to in Section VI of this chapter. It must be added here that there were no reciprocal concessions in the agreement in favor of Palestine's exports to Iraq.

The bulk of Palestine's imports from Iraq consists of foodstuffs. The principal commodities imported in 1936, in the order of their importance, were : sheep and lambs, *samm*, eggs, fresh and frozen fish, dried dates, and cattle. These six items accounted for about 88 per cent of the total value of imports from Iraq.

The chief articles exported from Palestine to Iraq in 1936 were : biscuits and cakes, valued at £P. 1,131, and edible olive oil valued at £P. 2,207.

Except for goods sent in transit and others re-exported from Bond, reliable statistics of trade between Palestine and Trans-Jordan are not available, because no customs barrier exists between the two countries. Goods move freely from one country to the other, with the exception of a limited number of commodities, which are usually subject to excise duties or other restrictions. In the Trans-Jordan section of the Report to the League of Nations, however, the value of known commercial exports and re-exports from Trans-Jordan to Palestine in 1937 was given as £P. 404,107 for exports and £P. 12,239 for re-exports.¹¹¹

Prior to October, 1932, Palestine used to pay annually a certain sum of money as the share of the Trans-Jordan Government from the customs receipts collected in Palestine on foreign goods subsequently exported to Trans-Jordan. A revision of the customs agreement was made in October, 1932¹¹², providing for a reduction in the annual payment¹¹³ and allowing Trans-Jordan to retain duties on all imports arriving in transit *via* Palestine.

111. *Report to the League of Nations*, 1937, p. 376.

112. *Ibid.*, p. 366. The same report for 1934, p. 248, states that the agreement took effect in October, 1933.

113. From £P. 33,000 to £P. 17,000. *Ibid.*, 1934, p. 248. In 1936-37 it was raised to £P. 25,000. *Ibid.*, 1937, p. 366.

VIII Tariff and Customs Legislation

A THE TARIFF

Immediately after the War, the Military Administration of Palestine restored the pre War tariff system of the Ottoman Empire. That system was intended primarily for revenue and provided for *ad valorem* duties of 11 per cent on imports and 1 per cent on exports. Exceptions were made in the case of Egypt and Turkey, whose local produce and manufactures whether of foreign raw materials or otherwise paid only 8 per cent *ad valorem*.¹¹⁴ The arrangement with Syria in force since the Occupation provides for reciprocal exemption from all duties, for goods which are the local produce of the countries concerned.¹¹⁵

Until 1924 only a comparatively few changes in the Ottoman customs tariff had been introduced. The more important among these changes were the reduction for 10 years from August 31, 1920, of the import duty on certain building materials from 11 per cent to 3 per cent *ad valorem*; the exemption from duties of settlers' effects and of agricultural machinery and seeds; the increase for revenue purposes in the rate of duty on tea, sugar, petrol, benzine, spirits and liquors, wines, sweets and confectionery and perfumery; the abolition of the preferential treatment in favor of goods of Turkish and Egyptian origin.¹¹⁶ A transit agreement was also concluded with Syria in 1921, according to which goods passing in transit through either country pay customs duty at the country of destination. The drawback system was applied in the case of foreign goods imported into Palestine and subsequently exported to Syria or *vice versa*.¹¹⁷

During 1924 two ordinances were promulgated: the Customs Duties Amendment Ordinance and the Customs Duties Exemption Ordinance. The two ordinances consolidated existing tariffs and exemptions and in addition introduced some changes. In particular there was a noticeable change from the *ad valorem* to the specific basis of duty on many articles. Rates on certain articles of luxury and also on matches and alcohol were increased. The duty on building material which had been reduced from 11 to 3 per cent was raised to 8 per cent. A general 12 per cent duty was charged on all non-exempted goods which were not otherwise

114 *Palestine Commercial Bulletin* Jan. 1 1928 p. 2

115 *Report to the League of Nations* 1920-21 p. 25

116 *Palestine Commercial Bulletin* Jan. 1 1928 pp. 2-3

117 *Report to the League of Nations* 1920-21 p. 25

taxed.¹¹⁸ The Exemption Ordinance added a number of items, chiefly affecting agriculture, to the list of exempt commodities.

During the years 1925 and 1926, local industry was given stimulus by exempting from import duty raw materials or essential adjuncts of manufacture.¹¹⁹ The 1 per cent export duty was also abolished, in 1926, on all goods excepting antiquities. These were made subject to a 10 per cent *ad valorem* duty.¹²⁰

In 1927 further important tariff changes were introduced in an ordinance promulgated on November 4.¹²¹ Although the general rate of duty was retained at 12 per cent *ad valorem* on all goods not otherwise charged with duty or exempted from duty, the new tariff schedule contained 181 items charged with specific duty and 14 items charged with 15 per cent or 20 per cent *ad valorem* duties. The new tariff afforded protection to industries manufacturing cement, oil and soap, wine and spirits, confectionery and chocolate, biscuits and cakes, salt, leather, furniture, and matches.¹²² The above policy of shifting to specific duties and of increasing the rate of duties to afford protection to local industry was further extended in the new tariff of December, 1928. To serve the same purpose, the tariff also provided for the exemption of raw and other material and of all machinery not previously exempt.¹²³

In 1929 the administration of customs was greatly facilitated by a comprehensive ordinance which cleared up the confusion in the law made by the over-laying of the Ottoman Code by various detailed enactments of the Palestine Government.¹²⁴ During the same year, a new duty-free schedule was issued to replace the first schedule of the Customs Duties Exemption Ordinance, 1924, and all subsequent additions or amendments to it.¹²⁵

Tariff changes during 1930 affected agriculture primarily. The decline in world prices of agricultural produce since 1929 had reacted unfavorably on Palestinian agriculturists. As a measure of protection, an ordinance, taking effect on April 1, 1930, provided for increased duty on wheat and flour.¹²⁶ In July of the same year, another ordinance

118. *Palestine Commercial Bulletin*, Jan., 1928, p. 3.

119. *Report to the League of Nations*, 1925, p. 15 and 1926, p. 14.

120. *Palestine Commercial Bulletin*, Jan. 1928, p. 3.

121. *Palestine Commercial Bulletin*, Dec. 1, 1927, pp. 356-362.

122. *Report to the League of Nations*, 1927, p. 15.

123. *Ibid.*, 1929, pp. 21-22.

124. *Ibid.*, p. 43.

125. *The Palestine Gazette*, No. 342, Sept. 1, 1929.

126. *Palestine Commercial Bulletin*, Apr., 1930, p. 88.

further increased the import duties on wheat, flour and semolina and introduced a tax on sesame seed¹²⁷ Furthermore, an order under the Customs Ordinance, 1929, prohibited the importation of unrefined olive oil into Palestine The order also introduced the licence system for the purpose of regulating the importation of flour, semolina, and wheat, other than the produce of Syria and Trans Jordan¹²⁸

The principal change in 1931 was the total exemption of sugar from import duties when it is to be used in the manufacture of citrus juice products intended exclusively for export¹²⁹ The exemption on imported sugar was extended in 1932 to manufacturers of confectionery who produce solely for export¹³⁰ Special regulations were imposed in both cases to insure that the duty-free sugar is not used for other purposes

In 1932 by way of affording further protection to agriculture and at the same time guarding the interest of the consumers as well as of the milling industry, two rates of duties were assigned on flour, rye and wheat a low rate, to be applied during the off season months of January to May inclusive, and a high rate, to be applied during the harvest season of June to December inclusive¹³¹ As in previous years, duties on many manufactured articles were raised and many other commodities were exempted, in both cases the motive being to protect local industry¹³²

The same policy of protection was continued in 1933 and 1934 as regards both agriculture and industry¹³³ Of particular interest is the establishment in June, 1933 of a sliding scale of import duties on flour rye and wheat¹³⁴ to permit a variation in the duty to counterbalance variations in the price of imports The rate is reduced as prices of imports rise and *vice versa* The price of each article, for assessment purposes is decided periodically by the Director of Customs¹³⁵

During 1935 hard wheat was excluded from the list subject to the sliding scale of duties and subjected to a specific duty The other items i.e. flour of wheat or rye, rye, semolina and soft wheat, were kept on the sliding scale list but the rates were raised¹³⁶ Another change effected during the year was the substitution of specific for *ad valorem* duties on

127 *Palestine Commercial Bulletin* Aug, 1930 p 165

128. *Ibid* pp 165 166

129 *Ibid.*, Sept., 1931 p 252

130 *Ibid* June 1932 p 156

131 *Ibid* July 1932 p 195

132 *Report to the League of Nations* 1932 p 159

133 *Ibid.*, 1933 p 156 and 1934 p 204

134 *Report of the Department of Customs Excise and Trade*, 1933 pp 4-5

135 *Palestine Commercial Bulletin* Feb., 1934 p 38

136 *Ibid* May 1935 pp 168-169

motor vehicles and tractors. The duty on sugar was reduced by 50 per cent in the interest of industries manufacturing sweets and confectionery and fruit juice for local consumption. And in addition to an increase in the rates of duty on a number of manufactured goods, many other products were added to the duty-free list.¹³⁷

In January, 1936, the rate of duty on a large number of articles was changed. While in some cases the change resulted in a reduction, in the majority of cases the revision was upwards. There was also a change from the *ad valorem* to the specific basis of duty in the case of many articles.¹³⁸

A comprehensive ordinance¹³⁹ was enacted on September 1, 1937, superseding previous ordinances. In addition to consolidating all tariffs and exemptions into one schedule, it introduced some changes in rates. The general rate of duty of 12 per cent *ad valorem* was maintained for all goods not otherwise charged with duty or exempted from duty. The number of articles subject to this general rate was about 165. The articles charged with a higher *ad valorem* duty than the general rate numbered 54. The duty on most of these ranged from 15 per cent to 25 per cent *ad valorem*. Seven articles were charged with 8 per cent *ad valorem* and 210 articles were made duty-free. The rest of the articles, about 330, were charged with specific duties. The customs schedule further included a special class comprising the unclassified exempted goods. These were principally: articles imported for the use of the Government, municipalities, other public or semi-public institutions, religious, educational, scientific, and charitable institutions; articles imported for Iraq Petroleum Company stores; consuls and commercial agents' effects; and many miscellaneous items.¹⁴⁰

As can be seen from the foregoing discussion on tariff development, there has been a considerable shift from the *ad valorem* to the specific duty. The amount of import duties collected on the specific basis is now much larger than that collected on the *ad valorem* basis. In 1935, for example, the amount collected on the specific basis was, roughly, 80 per cent of the total import duties. In 1936, it was 84.4 per cent.¹⁴¹

The policy of industrial protection followed since 1927 has been a result of prolonged and insistent demands on the part of the industries

137. *Report to the League of Nations*, 1935, pp. 228-230.

138. *The Palestine Gazette*, No. 564, 22nd Jan., 1936, Supplement No. 1.

139. *Ibid.*, Extraordinary No. 714 of 1st Sept., 1937, pp. 215-265.

140. *Ibid.*

141. *Palestine Royal Commission—Report*, p. 211.

concerned.¹⁴² Sometimes protection was promised to enterprises before their establishment.¹⁴³ Protection has been presumably "accorded after thorough consideration and only in cases where the local article was in every way equal to the imported article and where the industry concerned had every prospect of success".¹⁴⁴ In practice, however, "few if any of the protected industries can at present compete with imported articles as regards price and quality, though a notable exception is the Nesher Cement Company".¹⁴⁵

The height of the tariff wall and the extent of exemptions for the years 1929 to 1937 are shown in Table XXVI.

It should be kept in mind in connection with Table XXVI that the

TABLE XXVI
Customs Exemptions, and Duties Collected, 1929-1937¹⁴⁶
(Amount in thousands of Palestinian pounds)

Year	Total imports	Exemptions					Imports less exemptions in column (2)	% of exemptions in columns (4) & (6) to imports in column (8)	Imports less total exemption (duty-able imports)	Duties		
		Government, Military & I. P.C. stores	% of total	Under Customs Tariff & Exemptions Ordinance	% of total	Under Syria-Palestine Customs Agreement				Amount	% of total imports	% of duty-able imports
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12) (13)
1929	7,167	599	8.4	1,250	17.4	506	7.0	6,568	26.7	4,812	917	12.8
1930	6,985	678	9.7	1,445	20.7	501	7.0	6,307	30.9	4,361	992	14.2
1931	5,940	591	9.9	1,243	20.9	644	11.0	5,349	35.3	3,462	922	15.5
1932	7,769	1,303	16.8	1,427	18.3	598	7.7	6,466	31.3	4,441	1,194	15.4
1933	11,123	1,479	13.3	2,559	23.0	718	6.5	9,644	34.0	6,367	1,688	15.2
1934	15,153	1,193	7.9	3,854	25.4	921	6.0	13,960	34.2	9,185	2,430	16.0
1935	17,853	1,289	7.2	4,739	26.6	1,101	6.2	16,564	35.3	10,724	2,870	16.1
1936	13,979	1,661	11.9	4,034	28.9	1,274	9.1	12,318	43.1	7,010	2,012	14.4
1937	15,904	1,247	7.9	4,927	31.0	1,166	7.3	14,657	41.6	8,564	2,133	13.4

¹⁴² A. Granovsky, *The Fiscal System of Palestine*, Jerusalem, 1935, p. 32.

¹⁴³ *Palestine Royal Commission—Report*, p. 209. Two cases are cited: a rice mill at Haifa and a brewery at Rishon le-Tsion.

¹⁴⁴ From report of meeting of the Manufacturers' Representatives with the Director of Customs as cited in *Palestine and Near East Economic Magazine*, 1925, Vol. III, No. 2, p. 36.

¹⁴⁵ *Palestine Royal Commission—Report*, p. 209. The Report states that "the difficulties of access to foreign markets, competition of foreign products (disposed of in some cases at uneconomic prices) and the comparatively small scale of production are among the contributory causes to this lack of success".

¹⁴⁶ Compiled from *Report to the League of Nations, 1929-1937*.

tariff wall, i.e. the proportion of duty collected to total dutiable imports, does not in any way measure the extent of protection afforded to many industries. For one thing, protection is given not only by imposing duties on manufactures, but also by allowing exemptions on imported raw material. On the other hand, a large sum comes from duties collected on articles the like of which is not produced locally, such as benzine, kerosene, and sugar. Duties on such articles cannot be thought of as protective in character.

But while considerable attention has been paid, since 1927, to the policy of protecting local industry, the fiscal aspects continued to play an important role in determining customs policy. In spite of exemptions and protective duties, customs revenue continued to increase, more than the rate of increase in population, and to represent the largest single item of revenue to the Government. The bulk of customs revenue comes from import duties levied on articles of general consumption and on articles which do not compete with local produce. Table XXVII shows the principal articles from which the bulk of the customs revenue is received.

B. CUSTOMS LEGISLATION AND PROCEDURE.

The procedure for effecting a change in the customs tariffs or laws involves several steps. The request for change usually comes from an interested party or government department. Upon receipt of the request, it is forwarded to the Director of Customs, Excise and Trade, the Economic Advisor, and other government departments interested in the change, for the purpose of securing their opinions and observations as to the desirability, or undesirability of the proposed change. In those cases where the desired change is intended to afford protection for industry, the request, together with the observations, are then presented to the Standing Committee for Commerce and Industry¹⁴⁸ for its recommendation.¹⁴⁹ The recommendations of the Standing Committee are presented to the Executive Council for approval or rejection. If the projected change is accepted by the Executive Council, it is then sent to the Colonial Secretary for comment or ratification. Upon ratification, the High Commissioner in Council issues the necessary legislation. Customs tariff changes are ordinarily enacted as urgent measures, and as such come into force immediately as the legislation is published. Other

148. The Standing Committee for Commerce and Industry is a purely consultative body. It is composed of members representing the Government and others representing the various branches of the country's economy.

149. When the change is intended as a revenue measure, it is not ordinarily referred to the Standing Committee.

concerned¹⁴² Sometimes protection was promised to enterprises before their establishment¹⁴³ Protection has been presumably "accorded after thorough consideration and only in cases where the local article was in every way equal to the imported article and where the industry concerned had every prospect of success"¹⁴⁴ In practice, however, "few if any of the protected industries can at present compete with imported articles as regards price and quality, though a notable exception is the Nesher Cement Company"¹⁴⁵

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It should be kept in mind in connection with Table XXVI that the

TABLE XXVI

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(Amount in thousands of Palestinian pounds)

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		Government, Military & P.C. stores	% of total	Under Customs Tariff & Exemptions Ordinance	% of total	Under Syntagma-Palestine Customs Agreement	% of total				Amount	% of total imports	% of duty-able imports
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1929	7,167	599	8.4	1,250	17.4	506	7.0	6,568	26.7	4,812	917	12.8	19.0
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1933	11,123	1,479	13.3	2,559	23.0	718	6.5	9,644	34.0	6,367	1,688	15.2	26.5
1934	15,153	1,193	7.9	3,854	25.4	921	6.0	13,960	34.2	9,185	2,430	16.0	26.5
1935	17,853	1,289	7.2	4,739	26.6	1,101	6.2	16,564	35.3	10,724	2,870	16.1	26.6
1936	13,979	1,661	11.9	4,034	28.9	1,274	9.1	12,318	43.1	7,010	2,012	14.4	28.7
1937	15,904	1,247	7.9	4,927	31.0	1,166	7.3	14,657	41.6	8,564	2,133	13.4	24.9

¹⁴² A. Granovsky, *The Fiscal System of Palestine*, Jerusalem 1935, p. 32

¹⁴³ *Palestine Royal Commission—Report*, p. 209 Two cases are cited a rice mill at Haifa and a brewery at Rishon le Tsion

¹⁴⁴ From report of meeting of the Manufacturers' Representatives with the Director of Customs as cited in *Palestine and Near East Economic Magazine*, 1928, Vol. III No. 2 p. 36

¹⁴⁵ *Palestine Royal Commission—Report*, p. 209 The Report states that "the difficulties of access to foreign markets, competition of foreign products (disposed of in some cases at uneconomic prices) and the comparatively small scale of production are among the contributory causes to this lack of success"

¹⁴⁶ Compiled from *Report to the League of Nations*, 1929-1937

tariff wall, i.e. the proportion of duty collected to total dutiable imports, does not in any way measure the extent of protection afforded to many industries. For one thing, protection is given not only by imposing duties on manufactures, but also by allowing exemptions on imported raw material. On the other hand, a large sum comes from duties collected on articles the like of which is not produced locally, such as benzine, kerosene, and sugar. Duties on such articles cannot be thought of as protective in character.

But while considerable attention has been paid, since 1927, to the policy of protecting local industry, the fiscal aspects continued to play an important role in determining customs policy. In spite of exemptions and protective duties, customs revenue continued to increase, more than the rate of increase in population, and to represent the largest single item of revenue to the Government. The bulk of customs revenue comes from import duties levied on articles of general consumption and on articles which do not compete with local produce. Table XXVII shows the principal articles from which the bulk of the customs revenue is received.

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149. When the change is intended as a revenue measure, it is not ordinarily referred to the Standing Committee.

TABLE XXVII
Principal Commodities, Which Furnish the Bulk of the Revenue from Import Duties, 1930-1937¹⁴⁷
(In Palestinean pounds)

Article	1930	1931	1932	1933	1934 ^a	1935 ^a	1936 ^a	1937 ^c
Benzene	174 401	170 981	222 459	305 467	443 000	573 000	500 000	617 595
Sugar	105 187	110 493	128 052	159 850	190 000	188 000	133 000	119 390
Kerosene	56 513	58 070	62 413	73 654	85 000	100 800	105 000	106 482
Cotton piece goods	64 667	63 328	69 600	82 634	110 000	114 500	73 000	93 629
Wearing apparel (all sorts)	—	—	—	—	—	115 000	72 000	71 924
Motor cars and motor trucks	23 837	16 831	38 762	90 767	141 000	140 000	50 000	65 876
Wheat flour	44 128	55 360	94 265	67 635	68 000	94 000	77 000	54 851
Butter	—	—	—	—	—	45 000	49 000	47 253
Cigarettes	26 137	23 460	27 193	33 685	48 000	64 000	52 000	46 007
Tobacco leaves unmanufactured	45 940	40 509	30 207	35 317	50 000	74 500	60 000	44 175
Silk tissues and mixed	21 302	20 584	30 851	37 798	51 000	71 500 ^b	31 000 ^b	41 558 ^b
Woolen tissues and mixed	17 774	12 239	17 863	23 904	29 000	37 000	21 000	31 009
Rice	18 485	19 554	25 591	31 378	27 600	28 900	25 000	21 242
Total	598 371	591 529	747 256	942 089	1 242 600	1 646 200	1 248 000	1 360 991
% of total duty collected	60.3	64.2	62.6	55.8	51.2	57.4	62.0	63.8

^a Based on actual figures for first eleven months

^b Silk tissues (excluding pongee)

^c Including imports for Government Military and Iraq Petroleum Company stores

legislation, affecting customs organization and procedure, is first published as a bill, in order to invite comment and criticism from interested parties.

In considering requests for protection of industry, the Government takes into account the extent of protection needed and the effect of such protection on other industries, agriculture, Government revenue, and the consumers. If it is decided to grant the request, an attempt is made to provide the desired protection by means of exempting the necessary raw materials from import duty. If this exemption proves impracticable or insufficient to give the needed protection, the duties on foreign imported goods, which compete with the industry seeking protection, are raised. As far as is practicable, industries which export part or all of their manufactures are allowed a drawback on the exported goods, equivalent to the import duty collected on the raw materials entering into the manufacture of the exported goods.

As previously mentioned, the guiding principle in granting tariff protection in any form is whether or not it is possible for the industry to produce, after a certain period of time, goods of the same quality and at the same price as the imported foreign goods, without protection. In practice, however, the power and influence of the industry seeking protection play an important part in effecting tariff changes.

When tariff legislation is enacted it is made to apply to all countries indiscriminately, except those countries with which special agreements are in force, such as Syria and Iraq.

IX. Problems of Palestine's Foreign Trade

Two important problems confront the foreign trade of Palestine : the wide disproportion between imports and exports, and the resultant adverse balance of trade; and the fact that the exports consist very largely of one commodity, the marketing of which, at present, is dependent to a considerable extent on the demand of one country.

It has been shown in Table I that Palestine's trade balance has been consistently adverse, yearly imports frequently exceeding exports by as much as three or four times. It has also been stated that this adverse balance is covered by invisible exports, such as : income from tourists; funds received by various educational, archaeological and charitable institutions; Zionist funds; Government receipts in the form of grants-in-aid from the British Government; interest on investments abroad; and import of capital. Of these the last is the most important, but it is also

the least dependable. Some of this large influx of capital has come to Palestine seeking refuge from the disturbed political, economic and financial conditions which have prevailed in Europe and America since 1931. Such capital import cannot, therefore, be depended upon to continue indefinitely, and it is not altogether unlikely that some of it will be repatriated when conditions in Europe and America improve. The cessation or appreciable curtailment of this source of income must mean a considerable reduction in imports unless exports are developed to make up for the loss.

The question of expanding Palestine's exports is closely associated with the second problem confronting Palestine's foreign trade, namely, the fact that the exports of Palestine consist very largely of one single commodity, citrus fruits, with great dependence on one market. It was shown earlier in this chapter that during the five years 1933 to 1937, the annual exports of citrus fruits constituted more than 80 per cent of the total value of Palestine's exports.¹⁵⁰ It is estimated that the great *expansion in citrus fruit plantations will, in the course of six years, increase the quantity of citrus fruit production to about 26 million cases, or about twice the quantity produced during the record season of 1937-38*.¹⁵¹ As long as it is possible to find purchasers for the additional output, at profitable prices, the expansion in the citrus growing industry will certainly help to narrow the gap between imports and exports.

Prospects for developing citrus export to an extent commensurate with the rapid increase of production are not, however, encouraging. The increased output is already creating serious marketing difficulties, first, because of the competition met in foreign markets, and, secondly, because of customs barriers set by foreign countries and the inability of Palestine to retaliate. The first part of this double problem is engaging the attention of the Government and also of the private interested bodies. Efforts are now being directed mainly to popularize the product by systematic advertising, to regulate shipment so as to avoid glutting the markets which causes unnecessary drop in prices, to restrict exports to the more popular sizes, to subject the fruit to careful inspection with a view to insuring that the fruit is in a condition suitable for export, and to secure better shipping facilities.

The second part of the problem is a more difficult one. The export of citrus fruits, at present, is dependent very largely on one market, the United Kingdom, which buys approximately two-thirds of Palestine's

¹⁵⁰ See p. 410.

¹⁵¹ See Chapter IV, pp. 137-140.

fruit export.¹⁵² This must leave Palestine in a precarious position, as any development leading to the loss of that market will have serious repercussions in Palestine. Efforts to develop other markets have not been successful, chiefly because Palestine, as a mandated territory, must maintain the open-door policy and cannot, therefore, discriminate against countries that are unwilling to reciprocate. As a result of this policy many of Palestine's suppliers buy from her only in negligible amounts. Such a situation may not be harmful under normal circumstances of foreign trade, unhampered by the numerous restrictive devices of today, but in a world where almost all countries are seeking economic nationalism by adopting ways and means to protect their national economy, adherence to the open-door policy is unjust and is liable to produce grave consequences. The difficulties which the strict application of this policy is creating for Palestine's foreign trade have been recognized by the Palestine Royal Commission in the following terms: "We think it is clear that without an Amendment of Article 18 Palestine must continue to suffer from the restrictions which hamper international trade and we recommend that negotiations should be opened without delay to put the Palestine trade upon a fairer basis".¹⁵³ The question is now under study by the British and Palestine Governments.

Unless markets are assured for the increasing output of citrus fruits, Palestine will find its main article of export declining in price. In view of the great importance of the citrus industry in the country's economy, such a decline will be accompanied by heavy losses and painful readjustments.

The prospects of developing to an important extent the export of manufactured articles are also not very promising. Although a great deal of capital in Palestine is invested in industries of various sorts, few of them have good prospects of developing an important export trade. The chemical industries of the Dead Sea will undoubtedly develop a large export trade, but these are mainly foreign. All that may be expected is that Palestine's industries will endeavor to supply a larger proportion of the local demand than they are able to do at present, and thereby lessen the importation of foreign articles of the kind produced by those industries.

152. See Table XIV.

153. *Palestine Royal Commission—Report*, p. 217.

CHAPTER IX
MONETARY AND BANKING SYSTEM

BY

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CHAPTER IX

MONETARY AND BANKING SYSTEM

I. The Monetary System

A. MONETARY SYSTEM BEFORE 1927.

Before the Allied Occupation, Palestine, as part of the Ottoman Empire, had already passed through varied monetary experiences. The bimetallic standard, which existed prior to 1880, gave way to gold monometallism which lasted up to the World War.¹ During the War, Turkey, like the other belligerent states, had to resort to the issue of irredeemable paper money as one of the measures for meeting the exigencies of the War. The issue was excessive, so that Palestine suffered from the vicissitudes of currency inflation and depreciation. This depreciation, which was more pronounced in Palestine than in Turkey itself, reached a very low level towards the end of the War. At the time of the occupation in 1917, the Turkish paper pound was worth less than 10 per cent of its face value.²

With the defeat of the Turkish army and the advance of the Allied troops in Palestine, Egyptian currency was introduced into the territory. This currency was first proclaimed legal tender on November 23, 1917, a few weeks before the occupation of Jerusalem.³ Subsequent proclamations regulated the currency throughout the occupied territory and declared that Turkish notes had ceased to be legal tender.⁴ After the establishment of the British civil administration in Palestine, these dispositions were confirmed by a Public Notice dated February 1, 1921, which reads as follows :—

1. S. B. Himadeh, *The Monetary and Banking System of Syria* (Beirut, 1935), pp. 24-28.

2. *Ibid.*, p. 47. The rates given are for Beirut, but one can safely say that the rates for Palestine were not much different.

3. S. Hoofien, "Currency Reform", *Bulletin of the Palestine Economic Society*, July, 1923, No. 3, p. 3.

4. *Ibid.*

1 It is hereby notified that from the 22nd day of January, 1921, the following only shall be legal tender in Palestine —

- (a) Egyptian gold notes, silver and nickel coins
- (b) The British gold sovereign at the rate of 97 50 piasters Egyptian

2 Nothing contained in this Notice shall be taken as restricting the circulation in the ordinary course of trade of coins of any other currency at their current market rates⁵

The use of Egyptian currency did not meet with any serious difficulties. The people of Palestine readily accepted the coins, and the suspicion with which they at first met Egyptian notes soon vanished when the stability of the currency was realized⁶. The British gold sovereign on the other hand was rarely used as a medium of exchange because there was only a small amount of it in circulation. It gradually went out of circulation together with the Turkish gold pound which, though not legal tender continued to circulate for some time at current market value.

At the time of the establishment of the mandatory administration in Palestine the introduction of an independent Palestine currency was not seriously considered. The possibility of adopting the gold standard was ruled out because of the absence of a sufficiently large gold stock and the lack of proper monetary experience. The other possibility of establishing a Palestine currency based on the sterling was temporarily set aside. It was thought undesirable at such an early stage to substitute a totally new currency for the Egyptian notes and coins which had proved quite satisfactory and to which the people of Palestine had already become accustomed. For these reasons, Egyptian currency continued to be used in Palestine until 1927.

The arrangement by which Egyptian currency was used in Palestine, however, was not without its disadvantages. In spite of the fact that Palestine was using Egyptian bank notes and coins, it did not participate in the profits accruing from their issue⁷. In fact there was no agreement between the Egyptian Government or the National Bank of Egypt on the one hand, and the Government of Palestine on the other, regulating the use of Egyptian currency by the latter⁸. Besides resulting in the loss of

5 Bentwich Norman (compiler) *Legislation of Palestine 1918 1925* (henceforth referred to as *Legislation of Palestine 1918 1925*) Vol. II pp. 391 392

6 Hoofien *op cit.*, p 3

7 Palestine Department of Customs Excise and Trade *Commercial Bulletin*, Nov 1 1927 p 348

8 Hoofien *op cit.* p 6

profits from the issue of fiduciary money, this arrangement was, at least theoretically, unfavorable. The Palestine Government had absolutely no control over the currency used in the country and no share in the policy that regulated its issue, because of the absence of any legal relations between the issuing agency and Palestine. Consequently, when conditions in the country became more or less normal and stable, it was necessary for Palestine to institute its own currency system.

It was the realization of this necessity that led the Government of Palestine to appoint a public committee to study the advisability of the introduction of a Palestinian currency and to submit proposals as to the system to be adopted. The committee, appointed early in 1924, submitted its report in June of that year in favor of instituting a Palestine currency based on the sterling pound.⁹ Two years elapsed, however, before the first step in the introduction of the new currency was taken. The Secretary of State for Colonies appointed a Palestine Currency Board and issued the regulations governing its function and powers in August, 1926.¹⁰ By this action, a responsible body was established for administering the currency, but it was not until some months later that the nature of the currency was legally defined. This was done by the Palestine Currency Order-in-Council on February 7, 1927.¹¹

After these two steps were taken, the actual introduction of the currency and the withdrawal and redemption of Egyptian currency did not meet with much difficulty. An ordinance was enacted by the High Commissioner giving legal status in Palestine to the Palestine Currency Board appointed by the Secretary of State for the Colonies and authorizing it to issue currency notes on behalf of the Government of Palestine. By proclamation of the High Commissioner the Palestine Currency Order-in-Council came into force in Palestine on November 1, 1927.¹² This date may, therefore, be considered as the official date of introduction of the present Palestine currency.¹³ Egyptian notes and coins and the British gold sovereign ceased to be legal tender after the 31st of March, 1928.¹⁴ Due provision was made for the withdrawal from circulation of

9. Hoofien, "The New Currency", *Palestine and Near East Economic Magazine*, 1926, pp. 188-189.

10. *The Palestine Gazette*, Sept. 1, 1926, pp. 447-449.

11. *Ibid.*, Aug. 16, 1927, pp. 590-592.

12. M. Doukhan (compiler), *Laws of Palestine, 1926-1931* (henceforth referred to as *Laws of Palestine, 1926-1931*), Vol. II, p. 625.

13. It is also the date on which the currency was actually introduced. *Commercial Bulletin*, 1927, p. 348.

14. Proclamation of Feb. 29, 1928. *Laws of Palestine, 1926-1931*, Vol. II, p. 627.

Egyptian notes and coins and their exchange for Palestine notes and coins at the rate of 97 50 Egyptian piasters to each Palestine pound

B THE PRESENT MONETARY SYSTEM

1 The standard The monetary standard of Palestine is virtually the sterling exchange standard, with the Palestine pound as the monetary unit¹⁵ Currency notes and subsidiary coins are issued by the Palestine Currency Board These notes (and the subsidiary coins for the amount to which they are legal tender) are redeemable in sterling exchange The Currency Board is required to issue against notes tendered in Palestine drafts or telegraphic transfers, payable in sterling in London at the nominal rate of one pound sterling to one Palestine pound¹⁶ The Board may charge for such drafts or transfers up to one per cent of the nominal rate A similar charge, not exceeding one per cent, is made for the delivery of currency in Palestine against prepayment in London¹⁷ This redemption requirement of the Palestine pound in sterling places Palestine currency on the sterling exchange standard, although no promise of such redemption is made on the currency notes. Before the sterling went off the gold standard in 1931, this standard was also a gold exchange standard

The pound is divided into one thousand mils Between the pound and the mil there is no intermediate counting unit. This seems to be a

15 Judging by the Palestine Currency Order in Council which is the Law governing Palestine currency the value of the Palestine pound is equal to 123 2 447 grains of standard gold or in other words, to the British gold sovereign as this law states that a gold coin of one pound containing 123 27447 grains of standard gold may be minted On the other hand the regulations governing the Currency Board issued by the Secretary of State for the Colonies fixes the redemption value of one Palestine pound at one pound sterling The ordinance of the High Commissioner which authorizes the Currency Board to issue currency notes for Palestine makes no mention whatsoever of the value of these notes or of the amount for which they are to be redeemed The regulations issued by the Secretary of State for the Colonies cannot be considered as legislation of Palestine inasmuch as it has never been enacted by the High Commissioner nor provided for by the Order in Council which was formulated after the regulations were issued It seems therefore that the parity between the Palestine pound and the sterling and the redeemability of Palestine Currency in sterling are only administrative measures and not legislative measures This point seems to be of great importance theoretically although in practice it may not make much difference In this connection it may be noted that the currency notes bear no mention of their redeemability in sterling exchange

16 Regulations Defining the Constitution Duties and Powers of the Palestine Currency Board *Laws of Palestine 1926 1931* Vol II pp 617 618

17 *Ibid* A charge of 1/8% both for the issue of sterling exchange and the delivery of Palestine currency was made during 1928 1937 See *Reports of the Palestine Currency Board 1929 1937*

weakness of the Palestine currency system which has been corrected in practice by the use of the term "piastre" as the equivalent of ten mils.

2. The currency in circulation. The currency in circulation consists of currency notes and silver, nickel, and bronze coins. A gold coin of the same weight and fineness as the British sovereign (123.27447 grains of standard gold) is provided for in the Palestine Currency Order-in-Council. This coin has not yet been minted and no such action is contemplated at present. The currency notes are issued by the Currency Board in denominations of 500 mils, 1, 5, 10, 50, and 100 pounds. The silver coins are used for the denominations of 50 and 100 mils, while nickel coins are for denominations of 5, 10, and 20 mils, and bronze coins are of 1 and 2 mil denominations.¹⁸

Only the currency notes are legal tender for unlimited amounts. The silver coins are legal tender for the payment of an amount not exceeding two pounds. All coins of denominations lower than 50 mils but not lower than 10 mils (nickel coins at present) are only legal tender for a payment not exceeding 200 mils, whereas coins of denominations lower than 10 mils (bronze coins at present) are legal tender for a payment not exceeding 100 mils.¹⁹

There has been a remarkable increase in the number of notes and coins in circulation since the establishment of the new currency as shown in Table I. The value of Egyptian currency in circulation just before the new currency was introduced was about £E. 1,900,000.²⁰ In 1930 the total value of notes and coins in circulation was over two million pounds. From 1931 to 1936 there was a rapid and continuous increase in the amount of currency in circulation, which reached £P. 6,236,134.5 on the 31st of March, 1936. This was followed by a steady decline, until the circulation on March 31, 1938 was only £P. 5,009,134.

Between 1933 and 1936 there was an average annual increase in the currency in circulation of over a million pounds. This rapid growth was due mainly to the large influx of Jewish capital during that period. Among related causes are: the remarkable growth of the citrus industry, accelerated building activity, increased number of tourists coming to

18. *Reports of the Palestine Currency Board, 1929-1937.*

19. The Palestine Currency Order-in-Council, and Proclamation of Nov. 15, 1927, *Laws of Palestine, 1926-1931*, Vol. II, pp. 623-626.

20. A. P. S. Clark, "Commerce, Industry and Banking—Palestine, A Decade of Development", *The Annals of the American Academy of Social and Political Science*, Nov., 1932, p. 102.

TABLE I

Palestine Currency in Circulation 1928 1938²¹
(In Palestine pounds)

Date	Coins	Notes	Total
March 31			
1928	194 848	1 692 500	1 887 348
1929	201 748	1 585 916	1 787 664
1930	249 244	1 948 420	2 197 664
1931	284 336	2 085 328	2 369 664
1932	330 496	2 078 168	2 408 664
1933	333 744	2 487 920	2 821 664
1934	418 084	3 651 580	4 069 664
1935	517 060	4 809 168	5 326 228
1936	571 200	5 664 935	6 236 135
1937	532 500	5 093 634	5 626 134
1938	497 300	4 511 834	5 009 134

Palestine greater land sales and a rise in the wage level of both skilled and unskilled labor²²

In September 1935 there was a sudden rise in the currency in circulation from £P 5 835 135 on the 31st of August to £P 7 520 135 on the 30th of September²³. The circulation on the 31st of October reached a record of £P 7 545 135 after which there was a rapid fall until February 1936²⁴. The reason for this sudden and abnormal rise and fall of notes and coins in circulation was the large withdrawals of deposits from banks attributable to the war scare accompanying the outbreak of hostilities between Italy and Ethiopia²⁵.

The fall of the currency in circulation since March 31 1936 is due to a large extent to the political disturbances in Palestine which began with the Arab general strike from April to October, 1936 and are still going on and is partly due to the recession in industry after the boom period of 1934 to 1935.

The per capita currency in circulation in Palestine amounted to

²¹ Figures for March 31 1928 to March 31 1937 compiled from *Report of the Palestine Currency Board 1929 1937* for March 31 1938 from Palestine Office of Statistics, *General Monthly Bulletin of Current Statistics* Sept., 1938 p 416

²² *Reports of the Palestine Currency Board 1934 and 1935*

²³ *Statistical Abstract of Palestine* 1937 38 p 119

²⁴ *Ibid*

²⁵ *Report of the Palestine Currency Board 1936* p 3. It is estimated that about £P 1 750 000 were withdrawn from the banks. See the *Palestine Post* Dec 11 1935

£P. 4.14 on March 31, 1937. This figure is appreciably higher than the per capita figures of the neighboring countries, although less than those in the more developed countries of Europe.²⁶ This high per capita currency in circulation as compared with that in the neighboring countries is accounted for by the high cost of living and the high wage level in Palestine, resulting from the influx of Jewish capital and immigrants.

3. The Currency Board. The control and administration of the currency of Palestine is vested in the Palestine Currency Board. The members of this board, whose headquarters are in London, are appointed by the British Secretary of State for the Colonies. The function of the Board as defined by the regulations issued by the Secretary of State, is "to provide for and to control the supply of currency to Palestine, to ensure that the currency is maintained in satisfactory condition, and generally to watch over the interests of Palestine so far as currency is concerned".²⁷ To fulfill this function, the Board is authorized to arrange for the minting of coins and the issue of notes. These notes and coins are delivered in Palestine against prepayment in London as the need for currency in Palestine makes itself felt. To ensure the convertibility of the currency, the Board keeps and administers a reserve fund in London against which it stands ready to issue sterling drafts and telegraphic transfers in return for notes tendered in Palestine.²⁸ A minimum limit of value for such transactions of the Board as the delivery of currency in Palestine or the issue of sterling exchange is provided for. In order not to compete with the banks in the issue or purchase of sterling

26. The following are the figures of per capita note circulation for Palestine, the neighboring countries and a few European countries. They are derived from the estimates of population for Dec. 31, 1936, and the figures of note circulation for Dec. 31, 1937, given in the *Statistical Year-Book of the League of Nations, 1937-38*. The note circulation of Italy, however, is that given for Dec. 31, 1936.

Per capita note circulation
in U. S. dollars (1937)

Palestine	15.91
Syria and Lebanon	4.59a
Iraq	5.97
Egypt	6.43
Turkey	8.19
Greece	8.99
Italy	20.37
United Kingdom	53.50

a. This figure does not take into account the Turkish gold currency in circulation.

27. *Laws of Palestine, 1926-1931*, Vol. II, p. 617.

28. Failing the reserve fund, the currency notes are secured by the revenues of the Government of Palestine. Currency Notes Ordinance, *Laws of Palestine, 1926-1931*, Vol. II, p. 620.

exchange, the Board has fixed this minimum at £P 10,000, and it is normally the banks themselves that resort to the Board for such transactions. The Board is represented in Palestine by a Currency Officer and by a banking institution acting under his supervision called the Currency Agent.²⁹ It is the duty of the Currency Officer to supervise the receipt, the safe custody, and the issue of currency in Palestine as well as to deal with applications for the issue of drafts and telegraphic transfers on London. The duties of the Agent are the actual receipt, safe-keeping, and issue of notes and coins as well as the keeping of books relating to these operations.³⁰

4. The Currency Reserve Fund. The reserve behind Palestine currency originally consisted of the redemption value of the Egyptian notes and coins exchanged for Palestine currency at the time of the introduction of the latter. Later on the proceeds of the sale of notes and coins in Palestine were added to the original fund, and thus the reserve grew with the growth of the currency. A third source of funds for the reserve is the income from the investments of the Currency Board. After paying the expenses and losses of the Board and a contribution to the budget of Palestine the excess of this income is added annually to the reserve fund.

A distinction should be made between the Currency Reserve Fund proper and the total value of the assets that constitute the cover for Palestine currency. These assets consist of the investments of the Board, the cash due or in hand and the value of silver in coin whether in stock or in circulation.³¹ The Currency Reserve Fund, on the other hand is less than the value of the assets by the value of silver in circulation and the amount of the Investment Reserve. The Investment Reserve is a reserve against depreciation in the value of the securities held by the Currency Board and is annually increased by the yearly net appreciation of these securities.³² Tables II and III show the relationship between the assets

²⁹ The Currency Agent is Barclays Bank (Dominion Colonial and Overseas)

³⁰ *Commercial Bulletin* April 1 1927 p. 163

³¹ The accounts of the Palestine Currency Board do not include the value of silver in coin in circulation among the assets on the balance sheet but include this value among the items of the statement of estimated general position. It is here included as part of the total assets as this total is to be compared with the notes and coins in circulation. The total assets, therefore coincides with the total of the items of the "statement of estimated general position" and not with the total of the balance sheet.

³² See the accounts of the Palestine Currency Board *Reports of the Palestine Currency Board, 1932-1935*. The Investment Reserve is not reduced however in case of depreciation of investments. Such depreciation is debited to the Profit and Loss account.

and the Currency Reserve Fund, and the relation that each of these bears to the currency in circulation.

TABLE II

Assets Constituting the Cover for Palestine Currency, 1929-1937³³
(In sterling pounds)

Date	Investments at mean market price	% of total assets	Cash due or in hand	Market value of silver in stock and in circulation ^a	Total assets (including value of silver in coin in circulation)	Currency in circulation (notes and coins)	Excess total over currency in circulation
March 31, 1929	1,447,338	82	185,078	141,955	1,774,371	1,787,664	13,29
1930	1,874,027	83	309,912	83,922	2,267,861	2,197,664	70,19
1931	2,336,118	92	134,082	55,859	2,526,059	2,369,664	156,39
1932	2,298,998	87	271,332	78,123	2,648,463	2,408,664	239,79
1933	2,978,058	88	324,570	77,025	3,379,653	2,821,664	557,98
1934	4,239,225	90	358,071	110,208	4,707,504	4,069,664	637,84
1935	5,044,297	82	914,964	215,252	6,174,513	5,326,228	848,28
1936	5,345,672	76	1,404,318	240,722	6,990,712	6,236,134	754,57
1937	4,767,711	76	1,254,980	254,391	6,277,082	5,626,134	650,94

a. Less 10% to cover cost of realization.

It appears from Table II that the total value of the assets that cover Palestine currency is more than sufficient. It rose rapidly up to 1935 with the increase in currency in circulation. This rise, however, which was more than the increase in currency until 1935, was smaller in 1937. This is shown by the excess of the value of the assets over the value of currency in circulation. This excess reached the sum of £P. 848,285 on March 31, 1935, but fell to £P. 754,578 on March 31, 1936, and to £P. 650,948 on March 31, 1937. This fall in the excess of total assets over currency in circulation was due mainly to a depreciation in the value of investments.

A similar trend is discernible in the Currency Reserve Fund (Table III). On March 31, 1935, the fund amounted to £P. 5,597,631 and exceeded the currency in circulation by £P. 271,403. On March 31, 1937, the Fund was £P. 5,734,917 and the excess only £P. 108,738. It should be noted, however, that the Investment Reserve was kept constant from 1935 to 1937, and was not reduced by the depreciation of investments.

TABLE III

Relation between the Total Assets and the Currency Reserve Fund,
1930-1937³⁴

(In sterling pounds)

Date	Total assets (including value of silver in coin in circula- tion)	Less market va- lue of sil- ver in coin in circula- tion ^a	Less invest- ment reserve	Currency reserve fund	Currency in cir- culation (notes and coins)	Excess of reserve fund over currency in circulation
March 31						
1930	2 267,861	49 644	33 544	2 184 673	2 197,664	12 991
1931	2 526 059	37 921	66 543	2 421,595	2,369 664	51 931
1932	2 648 463	54 597	71 606	2 522 260	2,408 664	114 096
1933	3,379 653	53 917	316 333	3 009 403	2 821 664	187 739
1934	4 707 504	77 582	338 948	4 290 974	4 069 664	221,310
1935	6 174 513	136 794	440 088	5 597 631	5,326 228	271,403
1936	6 990 712	104 096	440 088	6 446 528	6 236 134	210,394
1937	6,277 082	102 077	440 088	5 734 917	5 626 134	108 783

a Less 10% to cover cost of realization

ments In conclusion, the situation of the currency remains satisfactory, although less so than previously.

Most of the funds of the Board, as shown in Table II, are held in the form of investments and none in the form of gold. A small portion of the cover is held in liquid form as provided for in the regulations of the Board. These regulations do not fix the proportion of the funds to be invested and those to be kept in liquid form, but leaves this matter to the discretion of the Board.³⁵ As shown in Table II, the investments averaged 84 per cent of the total assets during 1929-1937. The liquid portion of the assets, which consisted mainly of bank deposits, was 12 per cent on the average. In 1936 and 1937, however, it rose to about 20 per cent. The reason for raising the proportion of liquid assets was probably the desire to ensure greater liquidity at a time when redemption of currency was increasing and drafts against the reserve in London were consequently in greater demand.

According to its regulations, the Board is authorized to invest its funds in securities of the government of any part of his Majesty's domin-

³⁴ Compiled from the *Report of the Palestine Currency Board 1930-1937*

³⁵ *Laws of Palestine 1926-1931*, Vol II p 618

ions.³⁷ It may, however, make other investments subject to the approval of the Secretary of State for the Colonies. Until now, all the investments of the Board have consisted of sterling securities of the governments of the British Empire. On the whole, the investments have been sound, as shown by the fact that their market value for the last several years has exceeded both their nominal value and their cost price. The excess of market price over cost, however, declined in 1936 and more so in 1937. The nominal value, cost, and market price of these securities are given in Table IV.

TABLE IV

Nominal Value, Cost, and Market Value of Securities Forming the Investment Portion of the Currency Reserve, 1929-1937³⁸

(In sterling pounds)

Date	Nominal value	Cost	Mean market price	Excess of market price over cost
March 31,				
1929	1,524,655	1,453,350	1,447,338	6,012
1930	1,977,655	1,840,454	1,874,027	33,573
1931	2,344,655	2,270,640	2,336,118	65,478
1932	2,306,464	2,239,673	2,298,998	59,325
1933	2,719,645	2,687,326	2,978,058	290,732
1934	3,896,337	3,961,635	4,239,225	277,590
1935	4,549,637	4,665,919	5,044,297	378,378
1936	5,051,537	4,996,186	5,345,672	349,486
1937	4,558,087	4,694,556	4,767,711	73,155

An examination of the securities held on March 31, 1937, shows that about 70 per cent of their total market value consisted of British Government and municipal bonds, chiefly those of the Conversion Loan which alone constituted 54 per cent. The list of investments also included various securities of the Governments of Australia, New Zealand, India, and the African territories of the British Empire.³⁹

The income from investments is the chief source of income of the Currency Board. It accounted for an average of 90 per cent of

37. *Ibid.*

38. Compiled from the *Reports of the Palestine Currency Board, 1929-1937*

39. *Ibid.*, 1937, p. 9.

TABLE III

Relation between the Total Assets and the Currency Reserve Fund,
1930-1937³⁴

(In sterling pounds)

Date	Total assets (including value of silver in coin in circula- tion)	Less market va- lue of sil- ver in coin in circula- tion ^a	Less invest- ment reserve	Currency reserve fund	Currency in cir- culation (notes and coins)	Excess of reserve fund over currency in circulation
March 31						
1930	2,267,861	49,644	33,544	2,184,673	2,197,664	12,991
1931	2,526,059	37,921	66,543	2,421,595	2,369,664	51,931
1932	2,648,463	54,597	71,606	2,522,260	2,408,664	114,096
1933	3,379,653	53,917	316,333	3,009,403	2,821,664	187,739
1934	4,707,504	77,582	338,948	4,290,974	4,069,664	221,310
1935	6,174,513	136,794	440,088	5,597,631	5,326,228	271,403
1936	6,990,712	104,096	440,088	6,446,528	6,236,134	210,394
1937	6,277,082	102,077	440,088	5,734,917	5,626,134	108,783

a. Less 10% to cover cost of realization

ments. In conclusion the situation of the currency remains satisfactory, although less so than previously.

Most of the funds of the Board, as shown in Table II, are held in the form of investments and none in the form of gold. A small portion of the cover is held in liquid form as provided for in the regulations of the Board. These regulations do not fix the proportion of the funds to be invested and those to be kept in liquid form but leaves this matter to the discretion of the Board.³⁵ As shown in Table II, the investments averaged 84 per cent of the total assets during 1929-1937. The liquid portion of the assets which consisted mainly of bank deposits, was 12 per cent on the average. In 1936 and 1937, however, it rose to about 20 per cent. The reason for raising the proportion of liquid assets was probably the desire to ensure greater liquidity at a time when redemption of currency was increasing and drafts against the reserve in London were consequently in greater demand.

According to its regulations, the Board is authorized to invest its funds in securities of the government of any part of his Majesty's domin

³⁴ Compiled from the *Report of the Palestine Currency Board 1930-1937*

³⁵ *Laws of Palestine 1925-1931* Vol. II p. 618

ions.³⁷ It may, however, make other investments subject to the approval of the Secretary of State for the Colonies. Until now, all the investments of the Board have consisted of sterling securities of the governments of the British Empire. On the whole, the investments have been sound, as shown by the fact that their market value for the last several years has exceeded both their nominal value and their cost price. The excess of the market price over cost, however, declined in 1936 and more so in 1937. The nominal value, cost, and market price of these securities are given in Table IV.

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37. *Ibid.*

38. Compiled from the *Reports of the Palestine Currency Board, 1929-1937.*

39. *Ibid.*, 1937, p. 9.

total income during 1931-1937. Other items include interest on funds on deposit in banks and on loans at call or at short notice, commission on currency issued or redeemed, and profits from the sale of securities. The income from investments as well as the total income rose steadily up to 1937, as shown by Table V.

TABLE V

Income of the Palestine Currency Board, 1929-1937⁴⁰

(In sterling pounds)

Date	Dividends on invest- ments	% of total	Interest on current account or on loans or on deposits	Other income	Total income
March 31					
1929	57 626 ^a	—	—	12,169	69 795
1930	74 643 ^a	—	—	13 856	88 499
1931	95 054	93	2 262	5 210	102 526
1932	107 309	95	4 690	1,121	113 120
1933	107 955	85	4 177	14 827	126 959
1934	137 420	94	3 945	4 059	145 424
1935	177 123	97	3,362	2 559	183 044
1936	205 324	81	11 082	37,852	254 258
1937	192 267	87	10 880	16 976	220 123

^a Includes interest on current account or on deposits

Out of this income the Board pays the expenses of the supply and manufacture of coins and notes and any losses on the sale of securities as well as other ordinary expenses. To this income is also charged the depreciation on investments. In addition, the Board pays a variable contribution to the revenues of Palestine, and the balance is credited or debited to the Reserve Fund. Table VI gives the figures of income and expenditure of the Currency Board during the period 1929-1937.

TABLE VI

Income and Expenditure of the Palestine Currency Board, 1929-1937⁴¹
(In sterling pounds)

Date	Income of the board	Expenses and losses	Contributions to the budget of Palestine ^a	Part of income added to the reserve fund
March 31,				
1929	69,795	142,772	—	—72,977
1930	88,499	46,905	10,000	31,594
1931	102,526	17,604	20,000	64,922
1932	113,120	16,455	35,000	61,665
1933	126,959	2,816	50,000	74,143
1934	145,424	21,854	90,000	33,570
1935	183,044	22,950	110,000	50,094
1936	254,258	201,267	115,000	—61,009
1937	220,123	221,734	100,000	—101,611
1938	—	—	80,000	—

a. The contribution pertains to the year previous to that during which it is paid. Thus, the contribution of £P. 80,000 taken from the income of the year 1936-37 is paid in 1937-38 and charged to the accounts of the latter year.

II. General Features of the Banking and Credit System

Credit institutions in Palestine may be classified, according to their place of incorporation, into foreign and local establishments, and according to their main function, into commercial banks (designated by law as banks), credit banks, and credit cooperative societies.

The distinction between foreign and local banks is based wholly on their place of incorporation and not on the place where their main business lies. It is not true of all of the foreign banks that their banking business lies mainly outside Palestine. The importance of this distinction lies mainly in the fact that, as branches of foreign institutions, the regulations which apply to the foreign banks are in certain respects different from those which apply to local banks.

The distinction between commercial banks and credit banks lies in their main function and the powers given to them by law. Credit banks are defined by law as those companies (which are authorized by the High Commissioner to act as credit banks) whose principal object is to lend

41. Compiled from the *Reports of Palestine Currency Board, 1929-1937*. This table is in reality the summary of the Profit and Loss Account of the Currency Board.

money on the security of immovable property⁴² Commercial banks, on the other hand are those companies which 'carry on banking business or use the title bank or any of its derivatives, as part of the title under which they carry on business'⁴³ Banking business is defined by law as 'the business of receiving from the public on current account money which is to be repayable on demand by cheque, and of making advances to customers'⁴⁴ It should be noted that both commercial banks and credit banks have to be companies registered with the Registrar of Companies⁴⁵

Credit cooperative societies under which are included the so-called cooperative banks are distinguished from both commercial banks and credit banks by the fact that they seek to promote the economic interests of their members in accordance with cooperative principles, and are subject to the regulations of the Cooperative Societies Ordinance⁴⁶ They lend money only to their members, from whom they receive deposits Many of the cooperative societies however, accept deposits from non-members

In general there is little specialization in Palestine banking Most of the important banks engage in a variety of financing activities Short-term financing of trade and industry is carried on mainly by the commercial banks and the urban cooperative societies Some of the credit banks however engage—although to a limited extent—in this type of financing too Long term industrial financing is still little developed, and there is only one specialized investment bank, the Industrial and Financial Corporation of Palestine which began operations in 1935⁴⁷ Securities are sometimes underwritten by the large commercial and credit banks Mortgage banking is carried on mainly by the credit banks, the main object of which according to law is to lend money on the security of immovable property But only one of these banks, the General Mortgage Bank of Palestine has raised funds by the issue of debentures on a large

⁴² Credit Banks Ordinance 1920-1922 *Legislation of Palestine, 1918-1925*, Vol. I p. 66

⁴³ Banking Ordinance 1921-1922 *Legislation of Palestine 1918-1925* Vol. I, p. 180

⁴⁴ Banking Ordinance 1921-1922 *Legislation of Palestine 1918-1925* Vol. I p. 180

⁴⁵ *Legislation of Palestine 1918-1925* Vol. I pp. 66 and 180 and the Banking (Amendment and Further Provisions) Ordinance No. 27 of 1937 *The Palestine Gazette* of Oct. 7 1937 Supplement No. 1

⁴⁶ Cooperative Societies Ordinance *Legislation of Palestine 1918-1925* Vol. I, p. 102

⁴⁷ See S. Ben Aharon 'The Year 1935 in Palestine Banking' *Palestine Economic Annual of Palestine* 1936 p. 157

scale. Short- and medium-term credit for agriculture is provided by the rural credit cooperatives which borrow money from Barclays Bank, other leading foreign banks, central banks of cooperatives, and other commercial banks. In addition, direct seasonal credit has been advanced to cultivators by Barclays Bank in accordance with an arrangement made with the Government.⁴⁸ The Arab Agricultural Bank caters to the requirements of the Arab *fellah*. Long-term development credit for agriculture is inadequate. The establishment of the Agricultural Mortgage Company of Palestine in 1935 is intended to meet this deficiency.⁴⁹ So far, however, the long-term loans advanced by this institution have been insignificant.⁵⁰

Another feature of banking in Palestine is the rapid development of commercial banking and the large number of banks that have been established. The influx of capital and the consequent abundance of liquid funds awaiting investment were responsible to a large extent for the mushroom growth of banks during 1931-1936;⁵¹ but a large number of the banks registered during that period had small capital and some of them were not serious banking institutions. Recent legislation, by providing for a minimum paid-up capital, has resulted in some reduction in the number of banks carrying on business in the country. It should be pointed out, however, that, in spite of the large number of banks that remain, commercial banking business is largely concentrated in the hands of the few large foreign banks.

Branch-banking in Palestine is fairly well developed. All the large banks have branches in the main centers of commerce and industry. Five of the six foreign banks operating in Palestine on January 31, 1938 had one or more branches besides their head offices in Palestine. On the same date, eleven of the 47 local banks carrying on business had one or more branches in various parts of the country.⁵² Barclays Bank has, in addition to its main office in Jerusalem, five branches and six agencies (subbranches). The Anglo-Palestine Bank has ten branches, the Ottoman Bank four, the Banco di Roma three, and the Polish Guardian

48. *Memoranda Prepared by the Government of Palestine for the use of the Palestine Royal Commission*, H.M.S.O., 1937, (henceforth referred to as *Memoranda for Palestine Royal Commission*), p. 47.

49. *Ibid.*

50. *Ibid.*

51. According to *The Banker*, there were 113 banks on register on June 30, 1935, of which 81 were commercial banks. "Recent Developments in Palestine Banking", *The Banker*, Oct., 1935.

52. *Banking Statistics Bulletin*, No. 3/1938, p. 10.

Bank one in addition to their main offices⁵³ The five above mentioned foreign banks thus operate a total of 34 offices Those local banks which operate branches have between one and three branches each⁵⁴

The part played by credit cooperatives in Palestine's credit structure is a very important one Relative to its size, Palestine has a large number of both urban and rural credit cooperative societies These societies handle an important portion of the banking business of the country There were 55 urban and 182 rural credit societies on register on December 31 1937⁵⁵ The membership of 164 credit cooperatives reporting on September 30 1937 was 88 620⁵⁶ Of the total deposits amounting to £P 17 364 083 held on March 31 1937 by foreign and local banks and 93 large reporting credit cooperatives £P 2 829 726, or about 16 per cent was held by the 93 large credit cooperative societies⁵⁷ When it is realized that of these total deposits £P 11 233 491, or about 65 per cent was held by foreign banks⁵⁸ the importance of credit cooperatives in comparison to local banks becomes apparent If the advances and bills discounted are compared we find that out of a total of £P 13,493,133, £P 5 833 288 or 43.3 per cent, was made by foreign banks, £P 4 369 645, or 32.4 per cent was made by local banks, and £P 3 290 200, or 24.3 per cent was made by the 93 large reporting cooperatives⁵⁹ Credit cooperatives play a very significant role in the still undeveloped field of agricultural credit The work done by the Government in organizing and supervising credit cooperatives in Arab villages is an important step towards the solution of the credit problems of the Arab cultivator

Banking legislation has made important progress in Palestine, which is now far ahead of the neighboring states in this field Banks are subject to the regulations of the Companies Ordinance as well as to the various banking ordinances enacted during the last two decades A licence from the High Commissioner to commence banking business is now necessary⁶⁰ Banks are required to furnish information both month-

⁵³ *Palestine Economic Annual of Palestine* 1938 p. 91

⁵⁴ *Ibid.* pp. 92-95 According to the list of banks operating in Palestine given in this book, 16 local banks had a total of 25 branches. This list does not fully agree as to which banks have branches with the list published in the *Banking Statistics Bulletin* No. 3/1938 p. 10

⁵⁵ *Statistical Abstract of Palestine* 1937-38 p. 126

⁵⁶ *Ibid.* p. 127

⁵⁷ *Ibid.* p. 120

⁵⁸ *Report by the Treasurer on the Financial Transactions of the Palestine Government* 1936-1937 (henceforth referred to as *Report by the Treasurer*) p. 13

⁵⁹ *Statistical Abstract of Palestine* 1937-38 p. 121 and *Report by the Treasurer* 1936-37 p. 13

⁶⁰ Banking (Amendment and Further Provisions) Ordinance 1936 *The Palestine Gazette* March 12 1936 Supplement No. 1 pp. 112-113

ly and semi-annually to the Treasurer.⁶¹ The monthly returns consist of a statement of assets and liabilities. The semi-annual returns consist of a statement which gives an analysis of the advances current and the bills discounted, showing the credit granted for various purposes and to various categories of customers. An Examiner of Banks whose function is "to exercise general supervision and control over the carrying on of banking business in Palestine" was appointed in 1936. The use of the term "bank" is regulated.⁶² Every bank has to exhibit throughout the year a copy of its last audited balance sheet in every one of its offices or branches in Palestine. Moreover, every bank is required to publish a copy of its balance sheet in a newspaper circulating in Palestine at the time of the presentation of such balance sheet to the shareholders in general meeting.⁶³ Finally, in October, 1937, a minimum subscribed and paid-up capital was fixed for banks.⁶⁴

III. Commercial Banking and Financing Institutions

Commercial banking, which consists in the main of accepting money on deposit and the granting of short-term credit in the form of advances or bills discounted, is carried on in Palestine by the foreign and local banks and the credit cooperative societies. Foreign and local banks carry on essentially the same type of business and follow generally the same principles and business practices. They differ, however, as regards the volume of business undertaken and the type of customers catered to. The foreign banks handle a much greater volume of business and usually deal with customers of large financial means. But in both these respects, there is considerable difference between the local banks themselves. As between banks, both foreign and local, and credit cooperative societies there are important differences in principles and business practices. The cooperative principles, which the cooperatives follow, restrict their services to a group of persons united by common economic interests. It is only to such persons who are members of the society that credit is extended. Where deposits are accepted from non-members these latter are usually relatives of members or connected in some way or other with the cooperative community. Likewise such differences in business practices as relate to the ascertainment of credit, interest charged, duration of the

61. *Ibid.*

62. Banking (Amendment and Further Provisions) Ordinance, 1937, *The Palestine Gazette*, Oct. 7, 1937, Supplement No. 1.

63. *Ibid.*

64. *Ibid.*

loan, and liability of members are the result of the fundamental principles of cooperation

The relative importance of commercial banks and cooperative societies in the credit structure of Palestine may be measured by a comparison of the deposits held and the credit granted by these two financing institutions. Since credit cooperatives are not required by law to submit monthly returns similar to those submitted by the banks, it is not possible to give the figures of deposits and credit granted for all credit cooperatives

TABLE VII

Total Demand and Time Deposits of Banks, and of Credit Cooperative Societies Submitting Monthly Returns⁶⁵
(Amounts in thousands of Palestine pounds)

End of month	Total demand and time deposits	Banks		Credit cooperative societies ^a	
		Amount	% of total	Amount	% of total
1936					
March	—	14,132	—	—	—
June	17,187	14,639	85	2,548	15
September	17,032	14,408	85	2,624	15
December	16,935	14,196	84	2,789	16
1937					
March	17,364	14,534	84	2,830	16
June	17,354	14,381	83	2,973	17
September	16,804	13,911	83	2,893	17
December	16,286	13,467	83	2,819	17
1938					
March	16,556	13,736 ^b	83	2,820	17
June	17,158	14,222 ^b	83	2,936	17

a Up to the end of March, 1937, the figures are for 93 credit cooperative societies beginning with June, 1937, the figures are for 95 credit cooperative societies. These societies are the largest urban and rural credit cooperatives and all of them are Jewish.

b Since January, 1938 the figures of bank deposits include balances held by banks for the seventeen cooperative societies subject to the Banking Ordinance, which balances were previously included under balances for other banks.

⁶⁵ Figures for the years 1936 and 1937 taken from *Statistical Abstract of Palestine*, 1937-38, p. 120, for March and June, 1938, from *General Monthly Bulletin of Current Statistics*, Aug., 1938, p. 366 and Sept., 1938, p. 417. Banks include, in addition to commercial banks proper, two credit banks which also undertake commercial banking. Cooperative societies include societies engaged in commercial financing and societies engaged in granting mainly short term agricultural credit.

in Palestine. However, beginning with April, 1936, 93 large credit co-operatives (95 since April, 1937) have agreed, at the request of the Registrar of Cooperatives, to submit monthly returns similar to those submitted by the banks.⁶⁶ These reporting societies handle by far the greater part of the business handled by all credit co-operatives.⁶⁷

Of the total deposits, 83-85 per cent was held by banks and 15-17 per cent by the credit co-operatives during the years 1936-1938 (see Table VII). The proportion of total deposits held by the co-operatives is high, considering the fact that they do not cater to the general public and are not banks properly speaking. Moreover, this proportion has gradually increased, a fact which suggests the growing importance of co-operatives as a credit institution.

The credit granted in the form of advances and bills discounted by banks and credit co-operatives is given in Table VIII. About 75 per cent of the total advances and bills discounted is handled by banks and 25 per cent by credit co-operatives. It is clear from Table VII and Table VIII that the proportion of advances and bills discounted to deposits is much greater in the case of co-operatives than in the case of banks. The reason for this difference is that, whereas the banks invest a large part of their funds in securities and in balances abroad, the co-operatives concentrate mainly on granting credit to their members by means of advances or discounts. The co-operatives do not finance foreign trade and consequently do not need to keep large balances abroad. However, as will be seen later, the proportion of the funds of banks used for advances and for discounting bills is remarkably low.

In view of the short time for which statistics are available, no definite conclusion can be drawn as to the trend of total deposits held by banks and credit co-operatives and total credit granted in the form of advances and bills discounted. Total deposits, which fell rather rapidly during 1937, rose during the first two quarters of 1938 to reach in June the level at which they stood two years before. As to total advances and bills discounted, it appears from Table VIII that there was an almost continuous rise up to the end of 1937. A sharp decline was recorded, however, in the first two quarters of 1938. To what extent the present disturbed condition of Palestine is responsible for this decline is difficult to tell.

66. *Banking Statistics Bulletin*, No. 2/1937, p. 6.

67. 164 credit co-operatives submitting yearly returns, reported on Sept. 30, 1937, a total of deposits amounting to £P. 3,112,402. Of this total the 95 co-operatives submitting monthly returns held, on the same date, deposits amounting to £P. 2,893,189, or 93 per cent of all the deposits reported by credit co-operatives.

TABLE VIII

Advances and Bills Discounted by Banks and Credit Cooperative Societies Submitting Monthly Returns⁶⁸

(Amounts in thousands of Palestine pounds)

End of month	Total advances and bills discounted	Banks		Cooperative credit societies ^a	
		Amount	% of total	Amount	% of total
1936					
March	—	9,486	—	—	—
June	12,518	9,336	75	3,182	25
September	12,891	9,677	75	3,214	25
December	13,351	10,142	76	3,209	24
1937					
March	13,493	10,203	76	3,290	24
June	13,239	9,823	74	3,416	26
September	13,990	10,485	75	3,505	25
December	13,986	10,580	76	3,406	24
1938					
March	13,476	10,069	75	3,407	25
June	13,162	9,735	74	3,427	26

a Up to the end of March, 1937 the figures are for 93 cooperative credit societies, beginning with June 1937, the figures are for 95 credit cooperative societies. These societies are the largest urban and rural credit cooperatives and all of them are Jewish.

A COMMERCIAL BANKS

1 Number and size of banks. The number of commercial banks in Palestine increased greatly after the War. There were only two important banks operating in pre-War days, namely the Imperial Ottoman Bank and the Anglo-Palestine Bank.⁶⁹ A large part of the credit was supplied by small bankers and by money-lenders. After the War, many foreign banks opened branches in Palestine and many local banks were established. The growth in the number of commercial banks was slow up to 1930, when there were only 20 local and 7 foreign banks.⁷⁰ After

68 Figures for 1936 and 1937, taken from *Statistical Abstract of Palestine*, 1937-38 p. 121, for March and June, 1938, *General Monthly Bulletin of Current Statistics*, Aug., 1938, p. 366 and Sept., 1938, p. 417.

69 'Trends in Palestinian Banking', *The Banker*, Oct., 1934, p. 53.

70 *Ibid*.

that year, however, the growth in the number of banks was very rapid until there were on March 31, 1936, 76 institutions, of which six were foreign. One reason for this growth was the increase in immigration and the large influx of capital into the country which made it easy for newly formed small banks with high sounding names to attract deposits from unwary immigrants by means of high rates of interest. Table IX gives the number of local banks and their paid-up capital on various dates since 1930. The low average paid-up capital of banks, especially in 1933-1937, is an indication of the small size of most banks.

TABLE IX

Number of Local Banks in Palestine and Their Paid-up Capital ⁷¹

Date of returns	Number of local banks	Paid-up capital	
		Total	Average
		£P.	£P.
1930	20 ^a	—	—
June 30, 1933—March 31, 1934	44 ^b	422,069 ^b	9,592
Dec. 31, 1934—Feb. 28, 1935	59 ^b	662,799 ^b	11,234
March 31, 1936	70	1,321,134	18,873
March 31, 1937	68	1,544,840	22,718
June 30, 1937	—	1,154,041 ^c	—
Nov. 30, 1937	66	1,176,615	17,828
Dec. 31, 1937	60	1,195,370	19,923
March 31, 1938	47	1,154,253	24,559
June 30, 1938	44	1,144,539	26,012

a. "Trends in Palestinian Banking", *The Banker*, Oct., 1934, p. 53.

b. Figures privately secured.

c. The fall in the paid-up capital on June 30, 1937, is accounted for by the exclusion of the figures of certain institutions which were no longer required to make returns, presumably because they were not banks properly speaking. See *Banking Statistics Bulletin*, No. 8, 1937, p. 1-4.

This mushroom growth in the number of local banks was not viewed with favor by the authorities on account of the small, and in some cases nominal, paid-up capital of most of the new banks and their insignificant volume of business. It was thought that the danger to unsuspecting depositors might become serious in time of depression. A banking committee was appointed by the High Commissioner in December, 1933 to consider, among other things, the fixing of a minimum paid-up capital

⁷¹ *General Monthly Bulletin of Current Statistics*, Jan. and May, 1937, and Sept., 1938.

and to recommend other measures for establishing the financial *bora fides* of banks.⁷² The main recommendation of the committee was to require local banks to have a minimum paid up capital of £P 25,000.⁷³ It did not deem it expedient to fix a minimum cash reserve.⁷⁴

Although the banking Committee handed in its report in 1934, it was not until 1937 that its principal recommendation was put into law. Meanwhile there was a financial panic in September–November, 1935 as a result of the fear that war might break out in the Mediterranean because of the Italo-Abyssinian conflict. There was a run on the small banks which were only able to meet their obligations with the help of the large banks especially Barclays and the Anglo Palestine Bank.⁷⁵ This panic emphasized the necessity for solving the problem of the small banks which even after the crisis was over, were in a precarious situation. In 1936 preliminary legislation was enacted requiring new banks to obtain a licence from the High Commissioner before commencing banking business.⁷⁶ Finally the minimum capital requirement was embodied in the Banking (Amendment and Further Provisions) Ordinance of October 7, 1937.⁷⁷ This ordinance provides for a minimum subscribed capital of £P 50,000 and a minimum paid up capital of £P 25,000 for local banks. Foreign banks having branches in Palestine are required to have a paid up capital which in the opinion of the High Commissioner, is equivalent to an amount of not less than £P 100,000. The ordinance gives a period of two years for existing local banks to legalize their position. In the meantime and within nine months from the date of the ordinance, they are required to raise their subscribed capital to a minimum of £P 25,000 and their paid up capital to a minimum of £P 10,000. As a result of this legislation the number of local banks dropped from 66 on November 30, 1937 to 60 on December 31, 1937, to 47 on March 31, 1938, and to 44 on June 30, 1938 (see Table IX).⁷⁸ Accordingly, by June 30, 1938, nine months after the enactment of the above ordinance, 22 banks out of 66 seemed to have been unable to bring their paid up capital to a minimum

⁷² *Report of the Banking Committee* (privately secured)

⁷³ *Ib id*

⁷⁴ *Ib id*

⁷⁵ S. Ben Aharon *op cit.*, pp. 157–160

⁷⁶ Banking (Amendment and Further Provisions) Ordinance 1936 *The Palestine Gazette* March 12 1936 Supplement No. 1

⁷⁷ *The Palestine Gazette* Oct. 7 1937 Supplement No. 1 p. 271

⁷⁸ In December 1937 six small banks with total assets of £P 47,000 in January 1938 thirteen banks with total assets of £P 143,000 in April 1938 two banks and in June 1938 one bank ceased to operate as such. See *General Monthly Bulletin of Current Statistics* Feb. Mar., and June 1938

of £P. 10,000 and their subscribed capital to a minimum of £P. 25,000 as the law required. It is expected that the number of banks will be further reduced at the expiration of the two-year period when all banks are required to have a minimum paid-up capital of £P. 25,000. From November, 1937 to June 1938, the average paid-up capital of local banks rose from £P. 17,828 to £P. 26,012 (see Table IX). This rise was due mainly, to the withdrawal from banking business of the twenty-two banks with small capital mentioned above, but also due partly to an increase in the paid-up capital of the remaining banks.⁷⁹

There are at present operating in Palestine six foreign banks. They are: Barclays Bank (Dominion, Colonial and Overseas), The Anglo-Palestine Bank, The Ottoman Bank, Banco di Roma, Holland Bank Union, and Polish Guardian Bank (Banco Polska Kasa Opiecki). They are branches of banks incorporated outside Palestine. Consequently they have no capital of their own. The requirement by recent legislation that they should have a paid-up capital equivalent to at least £P. 100,000 is, therefore, a reasonable one. In practice, very little if any of this capital will be available for use in Palestine. The satisfaction of that minimum paid-up capital requirement is, however, an indication of the financial strength of the foreign mother institution.

The most important of the foreign banks is Barclays Bank. It is the Government banker and acts as currency agent for the Palestine Currency Board. Because of these two functions it is looked upon as being similar to a central bank.⁸⁰ It has several branches and agencies (sub-branches) all over Palestine. In 1935, a separate management of Barclays Bank for Palestine was established, whereas previously it used to be under the jurisdiction of the Cairo office.⁸¹

2. Comparison between foreign and local banks. In spite of their small number, the foreign banks handle the greater part of the banking business of Palestine. About 77 per cent of the total deposits held by banks in 1936 and 1937, and 80 per cent of the demand deposits, were held by foreign banks (see Table X). The relatively lower share in time deposits held by foreign banks is probably due to the fact that time deposits consist to a large extent of small sums that represent the savings of people of moderate means. Such people are not usually the customers of the large foreign banks.

79. Inferred from data in *Banking Statistics Bulletin*, November, 1937 to June, 1938.

80. "Trends in Palestine Banking", *The Banker*, Oct., 1934, p. 53 ff.

81. "Recent Developments in Palestine Banking", *The Banker*, Oct., 1935.

TABLE X

Deposits Held by Foreign and Local Banks on March 31, 1936,
and March 31, 1937 ⁸²

Kind of Deposits	Am't held by all banks £P	Held by foreign banks		Held by local banks	
		Amount £P.	% of total	Amount £P.	% of total
<i>Total demand & time deposits</i>					
March 31, 1936	14 132,489	11,015,803	78	3,116,686	22
March 31, 1937	14,534 357	11,233,491	77	3,300,866	23
<i>Demand deposits</i>					
March 31, 1936	11,679,937	9,481,759	81	2,198,178	19
March 31, 1937	11,439,907	9,236,090	80	2,203,817	20
<i>Time deposits</i>					
March 31, 1936	2,452,552	1,534 044	63	918,508	37
March 31, 1937	3,094,450	1,997,401	65	1,097,049	35

The foreign banks are more important as institutions for receiving deposits than as sources of credit. Their share in the total advances and loans was 59 per cent on March 31, 1936, and 57 per cent on March 31, 1937 (see Table XI), as against 78 per cent and 77 per cent of total deposits, respectively. This situation is explained by the greater confidence they command in deposit business, in comparison with local banks and the greater precautions they take in credit extension. Funds, which the foreign banks cannot safely invest in Palestine, are invested abroad. The proportion of their foreign investments to their deposits in 1936 and 1937 was roughly between 40 and 50 per cent, and the proportion of

TABLE XI

Advances and Bills Discounted by Foreign and Local Banks
on March 31, 1936 and March 31, 1937 ⁸³

	Amount by all banks £P.	By foreign banks		By local banks	
		Amount £P.	% of total	Amount £P.	% of total
March 31, 1936	9,486,368	5,608 250	59	3 878,118	41
March 31, 1937	10,202,933	5,833,288	57	4,369,645	43

⁸² *Report by the Treasurer, 1936-1937*, p. 13

⁸³ *Ibid.*, p. 13

their advances and bills discounted to their deposits was a little over 50 per cent.⁸⁴ For the local banks, on the other hand, the proportion of advances and bills discounted to total deposits was 124 per cent in 1936 and 132 per cent in 1937.⁸⁵ The credit granted by the local banks thus exceeded their deposits by a quarter or more.

The foreign banks' investments abroad take the form of foreign securities and deposits at their head offices and branches abroad. On March 31, 1937, the balances of foreign banks with their head offices or branches abroad were £P. 3,279,197⁸⁶, or 29 per cent of their total deposits. In addition, £P. 5,423,109 of investments in securities, most of which consisted of gilt-edged securities, was held by the foreign banks on March 31, 1937.⁸⁷

Foreign and local banks can further be compared from the point of view of liquidity. Foreign banks hold comparatively small amounts of cash or balances with other banks in Palestine, but they can rely on other liquid assets, such as balances held with their head offices or branches outside Palestine. They can also utilize their gilt-edged securities, which are more or less liquid, in case of need. Local banks on the other hand have to keep large cash reserves to meet their demand obligations. This situation is clearly shown in Table XII. The ratio of cash (cash in hand and balances held with other banks in Palestine) to demand deposits of foreign banks was very low in 1936 and 1937, amounting to about 8 to 9 per cent. Their balances with their head offices and branches outside Palestine, however, amounted to about 35 per cent of their demand deposits. Taking these balances into consideration, the liquidity of foreign banks was more than adequate. The cash ratio to demand deposits of local banks was quite high, amounting to 31 per cent on March 31, 1936 and to 33 per cent on March 31, 1937 (see Table XII). That does not necessarily mean, however, that the liquidity position of the local banks was satisfactory, as the liquidity of their bill portfolio is not always sufficiently high, and their investments in gilt-edged securities are insignificant.⁸⁸

Another significant ratio in the analysis of the banks' statements is that of total deposits to capital investment. Since the foreign banks do

84. Calculated from the figures given in Tables X and XI.

85. Calculated from the figures given in Tables X and XI.

86. Table XII, *infra*, p. 470.

87. *Report by the Treasurer, 1936-1937*, p. 14. The figure given above does not agree with the figure given by the *Statistical Abstract of Palestine, 1937-38*, p. 123, where the investments of all banks both foreign and local are given as amounting to £P. 5,294,196 on March 31, 1937.

88. See *infra*, pp. 476 ff.

TABLE VII

Ratio of Liquid Assets to Demand Deposits of Foreign and Local Banks
on March 31, 1936 and March 31, 1937⁸⁹

	Foreign banks		Local banks	
	1936	1937	1936	1937
	£P	£P	£P	£P
1 Demand deposits	9 481 759	9 236 090	2 198 178	2 203 817
2 Cash & balances held with other banks in Palestine	738 629	879 960	684 274	736 733
3 Balances held with head office and branches outside Palestine	3 224 459	3 279 197	—	—
Ratio of 2 to 1	7.8%	9.5%	31.1%	33.4%
Ratio of 3 to 1	34.0%	35.5%	—	—

not have any capital investment of their own being branches of foreign institutions it is only possible to consider this ratio for the local banks. The figures given in Table VIII show that the ratio of total deposits to capital investment (paid up capital, reserve fund, and debentures) of local banks is about two to one. Such a low ratio is generally considered a sign of unprofitable business. It is due mainly to the existence of many small banks which are often nothing but money lenders in disguise and handle very small deposits because of the lack of public confidence in them.

TABLE VIII

Ratio of Total Deposits to Capital Investment of Local Banks
in Palestine on March 31, 1936 and March 31, 1937⁹⁰

Date	Total deposits £P	Capital investment ^a £P	Ratio of total deposits to capital investment
March 31 1936	3 116 686	1 579 562	1.97 to 1
March 31 1937	3 300 866	1 885 987	1.75 to 1

^a Includes paid up capital, reserve fund and debenture issue.

Recent banking legislation requires banks to submit monthly statements of their assets and liabilities, and semi annual statements of the

⁸⁹ Report by the Treasurer 1936-1937 p. 13

⁹⁰ *Ibid.*, and Statistical Abstract of Palestine 1937-38 p. 122

distribution of the credit granted by them.⁹¹ Statistics consisting of summaries of these statements have been published since March, 1936. These statistics, however, do not give, except in a few cases, separate figures for foreign and local banks. The analysis of bank credit will, therefore, have to be made for all foreign and local banks together, except in those cases where separate figures exist.

3. Financial resources of banks. Among the items on the liability side of the banks' statements, the most important are those which give the capital investment of banks, the deposits and balances they hold, and

TABLE XIV

Total Financial Resources of Banks in Palestine, 1936 to June, 1938⁹²
(Amounts in thousands of Palestine pounds)

End of month	Total financial resources	Capital investment ^a		Deposits		Balances held for other banks ^b		Borrowed funds ^c	
		Am't	% of total	Am't	% of total	Am't	% of total	Am't	% of total
1936									
March	19,265	1,580	8	14,132	73	3,972	16	581	3
June	20,401	1,656	8	14,639	72	3,616	18	490	2
September	19,948	1,731	9	14,409	72	3,301	16	507	3
December	19,666	1,843	9	14,196	72	3,082	16	545	3
1937									
March	20,761	1,886	9	14,534	70	3,937	19	404	2
June	19,996	1,447	7	14,381	72	3,796	19	372	2
September	19,990	1,502	7	13,911	70	4,134	21	443	2
December	18,102	1,533	9	13,467	74	2,712	15	390	2
1938									
March	18,207	1,498	8	13,736	75	2,709	15	264	2
June	18,729	1,480	8	14,222	76	2,684	14	343	2

a. For local banks only; foreign banks, which are branches of foreign institutions, have no capital of their own invested in Palestine. Capital investment includes paid-up capital, reserve fund and debenture issue.

b. These balances consist of balances held for other banks in and outside Palestine, as well as those held for head offices and for branches of foreign banks outside Palestine.

c. These consist of bills payable as well as advances from (a) other banks in Palestine, (b) other banks outside Palestine, and (c) others.

91. Banking (Amendment and Further Provisions) Ordinance, *The Palestine Gazette*, March 12, 1936, Supplement No. 1, p. 113.

92. Figures for 1936 and 1937 compiled from *Statistical Abstract of Palestine, 1937-38*, p. 123; for 1938 from *General Monthly Bulletin of Current Statistics*, July, 1938, p. 313 and Sept., 1938, p. 419.

their borrowed funds. These items taken together constitute the total financial resources of banks on which they depend for extending credit. Table XIV gives a summary of the different elements constituting the financial resources of banks in Palestine and the relative importance of these elements.

It appears from Table XIV that the most important of the elements constituting the total financial resources of banks in Palestine is that of deposits which is of course natural. Deposits on June 30, 1938 amounted to 76 per cent of total financial resources. This ratio would have been smaller had the foreign banks had capital of their own invested in Palestine. The next in importance is that of balances held for other banks which amounted to 14 per cent. Capital investment, which refers to local banks only, amounted to about 8 per cent, and borrowed funds to about 2 per cent of total financial resources. Borrowed funds consist of bills payable and advances mainly from banks, but do not include rediscounted bills. Palestinian banks do not seem to resort much to rediscounting. The bills discounted by banks for other banks in Palestine are negligible, having amounted to £P 16 697 on March 31, 1936 and to £P 1 821 on March 31, 1937.⁹³ The small volume of rediscounts is due to three reasons. In the first place foreign banks can draw on their head offices in case of need and, therefore find it unnecessary to rediscount the bills they hold. In the second place, the local banks, most of which have rediscount arrangements with the principal banks, rarely feel the necessity of using them.⁹⁴ Finally even if rediscounting were found to be necessary under certain circumstances, the absence of a central bank, sufficiently strong financially to command the respect of both local and foreign banks, does not favor rediscounting operations.

The remarkable growth of deposits in recent years is of interest. Although official figures are not available except from March, 1936 on, there are estimates for the amount of deposits before that date.⁹⁵ Table XV gives estimates for total deposits before 1936 and the official figures for demand and time deposits from March, 1936.

The increase in deposits from about £P 5 million in 1931 to about £P 14 million in recent months, is due primarily to the inflow of Jewish capital into the country. This capital inflow was on the increase after

⁹³ *Statistical Abstract of Palestine 1937-38* p. 123.

⁹⁴ *Report of the Banking Committee* (privately secured).

⁹⁵ Although no official figures were published for the years preceding 1936 returns were made by local banks to the Registrar of Companies. The absence of figures for foreign banks, however makes the use of the returns of local banks of little value.

TABLE XV

Deposits Held by Banks in Palestine, 1931 to June, 1938⁹⁶

End of year or month	Total deposits £P.	Demand deposits		Time deposits	
		Amount £P.	% of total	Amount £P.	% of total
1931 ^a	5,000,000	—	—	—	—
1933 ^b	7,000,000	—	—	—	—
1934 ^b	12,500,000	—	—	—	—
1935 ^b	16,000,000	—	—	—	—
1936					
March	14,132,489	11,679,937	83	2,452,552	17
June	14,638,933	11,840,246	81	2,798,687	19
September	14,408,563	11,428,561	79	2,980,002	21
December	14,195,915	11,193,664	79	3,002,251	21
1937					
March	14,534,357	11,439,847	79	3,094,510	21
June	14,381,307	10,886,862	76	3,494,445	24
September	13,911,081	10,446,373	75	3,464,708	25
December	13,466,925	10,033,662	75	3,433,263	25
1938 ^c					
March	13,735,832	10,285,955	75	3,449,877	25
June	14,222,177	10,755,164	76	3,467,013	24

a. Estimate. See S. Ben-Aharon, *op. cit.*, p. 158.

b. Estimate. See A. Michaelis, "Economic Conditions of Palestine during the Year of the Disturbances", *Palnews Economic Annual*, 1937, p. 34. These estimates may include deposits with credit cooperative societies, in which case they would not be comparable with the figures given above for 1936 to June, 1938. But even then, the trend of deposits would not be seriously modified.

c. *General Monthly Bulletin of Current Statistics*, Aug., 1938, p. 366 and Sept., 1938, p. 417. The figures of 1938 include also the balances held for 17 credit cooperative societies previously included under balances held for banks.

1931 until 1935. It reached its peak in the latter year when capital import attained a figure estimated at £P. 12-13 million.⁹⁷ On account of the political disturbances and decrease in immigration, capital import diminished to about £P. 5-6 million in 1936⁹⁸ and to about £P. 6 million in 1937.⁹⁹ The decrease in capital inflow did not lead to a corresponding

96. Figures for 1931 to 1935 are estimates; for 1936 and 1937 from *Statistical Abstract of Palestine*, 1937-38, p. 120; for 1938 from *General Monthly Bulletin of Current Statistics*, Aug., 1938, p. 366 and Sept., 1938, p. 417. The figures of 1938 include also the balances held for 17 credit cooperative societies previously included under balances held for banks.

97. A. Michaelis, "Economic Conditions of Palestine during the Year of the Disturbances", *Palnews Economic Annual of Palestine*, 1937, p. 25.

98. *Ibid.*

99. Kurt Grunwald, "Banking and Credit in Palestine", *Palnews Economic Annual of Palestine*, 1938, p. 85.

decrease in deposits because of the fall in the rate of investment of capital in agriculture and industry. Whereas previous to 1936 liquid capital imported was continually being transferred from deposits with the banks to investments in agriculture and industry, after 1936 such transfer slowed down on account of the political disturbances, the diminished opportunities for investment and the great fall in building activity resulting in depressed business for the building material industries. In 1936, there was no important reduction in total deposits held by banks, but between June and December 1937 a fall of almost a million pounds was recorded. In the first half of 1938 a noticeable rise took place.

Demand deposits form on the average a little less than 80 per cent of total deposits. But the volume of demand deposits has been diminishing since March 1936 while time deposits have been increasing almost continuously. As a result, the proportion of demand deposits fell from 83 per cent on March 31 1936 to 76 per cent on June 30 1938. This fall in the proportion of demand deposits and the corresponding rise in that of fixed deposits represent a transfer by certain depositors of their funds from current accounts to fixed term deposits in order to benefit

TABLE XVI

Distribution of Time Deposits According to Term of Deposit,
1936 to June 1938 100

(Amounts in thousands of Palestine pounds)

End of month	Less than 3 months		3—6 months		6—12 months		more than 12 months	
	Amt	% of total	Amt	% of total	Amt	% of total	Amt	% of total
1936								
March	1 327	54	422	17	394	16	309	13
June	1 522	54	490	18	478	17	308	11
September	1 578	53	593	20	458	15	351	12
December	1 639	55	587	19	426	14	350	12
1937								
March	1 743	56	491	16	522	17	339	11
June	1 966	56	572	16	580	17	377	11
September	1 924	55	615	18	543	16	383	11
December	1 990	58	667	19	411	12	365	11
1938								
March	1 941	56	549	16	555	16	405	12
June	1 830	53	673	19	575	17	389	11

100. Figures for 1936 and 1937 from *Statistical Abstract of Palestine* 1937 38 p. 122 for 1938 from *General Monthly Bulletin of Current Statistics* July 1938 p. 313 and Sept., 1938 p. 419.

from the higher rate of interest.¹⁰¹ This is a natural result of the adverse political and economic factors already referred to.

The distribution of time deposits according to the period for which the money is deposited is given in Table XVI. The table shows that about 55 per cent of time deposits are made for a period of less than three months. This is an indication of the provisional nature of the larger part of time deposits, awaiting more profitable investment in agriculture, industry, and trade. Deposits made for a period of 3-6 months amounted on the average to about 18 per cent of total time deposits during the period March, 1936 to June, 1938. Deposits made for a period of 6-12 months averaged 16 per cent, while those made for more than 12 months averaged 11 per cent. No definite trend is noticeable in the above distribution.

4. Bank assets. Turning to the utilization made by banks of their financial resources, an analysis will be made of the main bank assets. In Palestine, like most other countries, banks invest their funds mainly in advances and discounted bills and in securities. A part of these funds is also used in keeping balances with other banks and a part is kept in cash. The relative importance of these four items of bank assets is shown in Table XVII.

An examination of Table XVII reveals that the proportion of funds of Palestinian banks invested in advances and discounted bills is comparatively low. It amounted in the period of 1936 to June, 1938 on an average to about 46 per cent of total assets. On the other hand the proportion of funds kept as balances with other banks and as investments in securities is quite high. Balances with other banks during the same period amounted on an average to about 20 per cent of total assets, while investments in securities averaged 22 per cent. The low proportion of advances and bills discounted, together with the high proportion of balances with other banks and investments in securities, are accounted for by the fact, already noted, that foreign banks keep large balances with their head offices and branches abroad and make large investments in foreign gilt-edged securities.¹⁰² This situation indicates that the opportunities for safe investment in the country are limited.

The proportion of cash in hand to total assets is about 3 per cent. Other assets like bank premises, and such bookkeeping assets as liabilities

101. *Banking Statistics Bulletin*, No. 101, 1937, p. 1.

102. See *supra*, p. 469.

TABLE XVII

Distribution of Principal Assets of Banks in Palestine,
1936 to June, 1938 103

(Amounts in thousands of Palestine pounds)

End of month	Total assets	Cash in hand		Advances and bills discounted		Balances in and out of Palestine		Investments		Other assets	
		Am't	% of total	Am't	% of total	Am't	% of total	Am't	% of total	Am't	% of total
1936											
March	22,811	659	3	9,486	41	4,942	22	4,506	20	3,218	14
June	22,273	805	4	9,336	42	4,880	22	5,622	25	1,630	7
September	21,652	648	3	9,677	45	4,540	21	5,258	24	1,529	7
December	21,553	749	4	10,142	47	4,612	21	4,442	21	1,608	7
1937											
March	22,741	678	3	10,203	45	4,608	21	5,294	23	1,758	8
June	21,997	532	2	9,822	45	4,501	20	5,249	24	1,893	9
September	22,015	665	3	10,485	48	3,773	17	5,186	23	1,906	9
December	19,958	571	3	10,581	53	3,873	19	3,175	16	1,758	9
1938											
March	19,921	471	2	10,069	51	4,046	20	3,690	19	1,645	8
June	20,384	584	3	9,736	48	4,323	21	4,034	20	1,707	8

of customers for acceptances, endorsements, and guarantees are not important 104

The large proportion of assets in the form of securities and balances with banks raises the question of the extent to which the funds of Palestinian banks are invested outside Palestine. It is not possible to answer this question with precision as no separate figures exist for investments in foreign securities. It seems, however, that investments in local securities form a very small part of total investments. This is inferred from the fact that on March 31, 1936, foreign banks held investments most of which were in gilt-edged securities, to the value of

103 Figures for 1936 and 1937 compiled from *Statistical Abstract of Palestine* 1937 38 p. 123 for 1938 from *General Monthly Bulletin of Current Statistics* Aug. 1938 p. 368

104 It is not possible to tell the extent of investment in fixed assets, as no separate figures are given for them in official statistics. Aside from bank premises, however such investment seems to be of little importance.

£P. 4,263,138,¹⁰⁵ which amounted to 95 per cent of all investments held by all banks (foreign and local) on that date. The probability is that most, if not all, of the investments in gilt-edged securities are foreign government bonds and particularly British government bonds. In addition to large investments in foreign securities, large sums are kept as balances outside Palestine. The net balances kept outside Palestine by all banks on March 31, 1936, amounted to £P. 2,288,568, or 16 per cent of total deposits, and on March 31, 1937 to £P. 1,627,645, or 11 per cent of total deposits. A rough estimate of the proportion of total deposits invested outside Palestine in the form of foreign securities and net balances with banks during the period 1936 to June, 1938 would be about 35-40 per cent. This would indicate that an important part of the capital imported into Palestine in the last few years was not invested in Palestine but found its way back to foreign countries, because of the limited opportunities for investment in Palestine.

5. Bank loans. The amount of loans (advances and bills discounted) granted by banks and the distribution of these loans as between advances and bills discounted is shown in Table XVIII. During the period 1936 to the middle of 1938, total advances and bills discounted by banks averaged about 70 per cent of total deposits. In making the comparison between foreign and local banks it was noted that this ratio was much higher for the latter. Advances and bills discounted by local banks amounted to more than 124 per cent of their deposits, while those made by foreign banks amounted to only 50 per cent.¹⁰⁶ There was a noticeable drop in total advances and bills discounted in 1938.

The granting of credit by banks in Palestine takes the form mainly of advances. On the average about 73 per cent of the credit granted in the period 1936 to June 1938 consisted in advances and 27 per cent in bills discounted.

The distribution of advances made by banks during the period 1936 to June 1938 shows that advances to other banks constituted only a small part of total advances (see Table XIX). The drop in these advances in 1938 is accounted for by the exclusion from the figures of advances to other banks, of advances to cooperative societies previously subject to the Banking Ordinance. Of the advances to customers other than banks,

105. *Report by the Treasurer, 1935-36*, p. 15.

106. See *supra*, p. 469.

TABLE XVIII

Advances and Bills Discounted by Banks in Palestine,
1936 to June, 1938¹⁰⁷

(Amounts in Palestine pounds)

End of month	Total advances and bills discounted by banks	Advances		Bills discounted		Ratio of total advances and bills discounted to total deposits
		Amount	% of total	Amount	% of total	
1936						
March	9 486 368	6 641 360	70	2 845 008	30	67
June	9 335 694	6 663 281	71	2 672 413	29	64
September	9 676 845	7 213 044	75	2 463 828	25	67
December	10 142 096	7 564 985	75	2 577,111	25	71
1937						
March	10 202 933	7 434 500	73	2 768 433	27	70
June	9 822 357	7 063 213	72	2 759 144	28	68
September	10 484 981	7 740 336	74	2 744 645	26	75
December	10 580 530	7 881 793	74	2 698 737	26	79
1938						
March	10 068 948	7 527 298	75	2 541 652	25	75
June	9 735 542	7 330 253	75	2 405,289	25	68

the greater part amounting to about 83 per cent, was repayable within one year

No detailed figures about bills discounted are published so as to give an idea of the state of portfolios of banks in Palestine. Information privately secured reveals, however, that an important proportion of bills discounted in 1936 was of long maturities. In the early months of 1936, bills maturing in more than three months constituted about 27 per cent of the total bills discounted. In addition, 6 per cent of all bills discounted by banks were overdue and unpaid. Although these proportions were higher in the case of local than in the case of foreign banks, they were unusually high even in the case of the latter. The liquidity of the banks' portfolios was therefore quite low. This situation existed after the financial panic of the latter part of 1935, and possibly no longer exists, at least to the same extent, at the present time. The liquidity of the banks' portfolios is also impaired by the nature of the bills discounted. A large

¹⁰⁷ Figures for 1936 and 1937 from *Statistical Abstract of Palestine* 1937-38, p. 121; for 1938 from *General Monthly Bulletin of Current Statistics* Aug. 1938, p. 336 and Sept., 1938, p. 417.

TABLE XIX

Distribution of Advances Made by Banks, 1936 to June, 1938 ¹⁰⁸
 (Amounts in thousands of Palestine pounds)

End of month	Advances to banks	Advances to customers other than banks				
		Total	Repayable within one year		Repayable in more than one year	
			Amount	% of total	Amount	% of total
1936						
March	333	6,308	5,221	83	1,087	17
June	274	6,389	5,284	83	1,105	17
September	206	7,007	5,862	84	1,145	16
December	201	7,364	6,097	83	1,267	17
1937						
March	179	7,256	5,993	83	1,263	17
June	135	6,928	5,888	85	1,040	15
September	155	7,585	6,401	84	1,184	16
December	190	7,692	6,482	84	1,210	16
1938						
March	60	7,467	6,144	82	1,323	18
June	68	7,262	5,898	81	1,364	19

number of bills discounted in 1936 did not represent commercial transactions but were made for purchase of land, for accommodation purposes, and even for purchases of goods for consumption. This situation seems to have persisted. One indication that this is the case may be found in the distribution of bank loans which is to be analysed below.¹⁰⁹ One can deduce from the large number of bank customers who are liable for very small amounts and the large number of borrowers belonging to the category of professional and private individuals, that an important number of bank loans are not based on genuine trade transactions and, therefore, are not self-liquidating. The low liquidity of the bill portfolio is especially true in the case of the small banks which in their competition for business are not very careful about the liquidity of the bills they discount.

The number of customers receiving credit from banks increased during 1936-1937, but the average indebtedness per person decreased slightly

^{108.} Figures for 1936 and 1937 taken from *Statistical Abstract of Palestine, 1937-38*, p. 123; for 1938 from *General Monthly Bulletin of Current Statistics*, July, 1938, p. 313 and Sept., 1938, p. 419. Since January, 1938, advances made to co-operative societies previously subject to Banking Ordinance have been excluded from advances to banks.

^{109.} See *infra*, pp. 480-484.

(see Table XX) The number of customers on March 31, 1938 was 70 284. The number of persons involved, however, was probably smaller because of the practice followed by certain borrowers of getting credit from more than one bank at the same time. The average indebtedness per customer was rather low, amounting to only £P 143. This is a result of the large number of small banks in Palestine who, in their competition for business, are willing to extend credit in small amounts to persons who are not able to get credit from the larger banks. The customers of the small banks are usually small traders and artisans who can borrow only small amounts of money. The disappearance of the small banks might therefore, mean the reduction in the number of customers of banks by the withdrawal of many small borrowers who might then have to resort to money lenders for loans.¹¹⁰

TABLE XX

Number of Customers of Banks and Average Indebtedness per Customer, September 30, 1936 to March 31, 1938¹¹¹

Date	Number of customers	Total advances and bills discounted	Average loan per customer
		£P	£P
September 30 1936	65 374	9 676 845	148
March 31, 1937	72 399	10 202,933	141
September 30 1937	73 073	10 484 981	143
March 31 1938	70 284	10 068 048	143

The large proportion of small bank loans may be gauged from the frequency distribution in the size of customers' indebtedness to banks on March 31 1938 in respect of advances and bills discounted (see Table XXI). A very large proportion of the customers, 83 per cent, was indebted for less than £P 100. The vast majority of these borrowers were probably customers of the local banks, since small borrowers are not attractive to the foreign banks. The average liability per customer of all indebtednesses for less than £P 100 was only £P 17. This indicates the existence of a large class of borrowers who borrow very small amounts of money (i.e. £P 5 and £P 10). The large proportion of small indebtednesses outstanding on March 31, 1938 would indicate that a great many bills discounted were not genuine trade bills, and that many advances were

¹¹⁰ S. Ben Aharon *op cit* p. 160

¹¹¹ *General Monthly Bulletin of Current Statistics* July, 1938 p. 311

not self-liquidating. Customers with a liability of £P. 100—£P. 500 formed 11.9 per cent of all borrowers, while their indebtedness represented 18.8 per cent of total customers' liability to banks.

TABLE XXI

Distribution of Customers' Liability to Banks in Respect of Advances and Bills Discounted According to Size of Indebtedness,
March 31, 1938 ¹¹²

Liability of customers	Number of customers	% of total	Amount due £P.	% of total	Average amount due per customer £P.
Up to £P. 100	58,333	83.0	1,020,387	10.1	17
Over £P. 100 & up to £P. 500	8,357	11.9	1,888,459	18.8	226
" " 500 " " " " 1,000	1,878	2.7	1,276,376	12.7	680
" " 1,000 " " " " 5,000	1,476	2.1	2,893,762	28.7	1,961
" " 5,000 " " " " 10,000	156	0.2	1,065,776	10.6	6,832
" " 10,000 " " " " 50,000	79	0.1	1,532,369	15.2	19,397
" " 50,000	5	(0.01)	391,819	3.9	78,364
Total	70,284	100.0	10,068,948	100.0	143

The proportion of large borrowers on March 31, 1938 was small, but the proportion of their indebtedness to total indebtedness was great. The number of customers who were indebted for more than £P. 500 represented only 5 per cent of the total number of borrowers, but their indebtedness amounted to about 71 per cent of total customers' liability to banks. The largest amount due to banks was from borrowers of £P. 1,000—5,000 who, though representing only 2.1 per cent of the total number of borrowers, had an average indebtedness of £P. 1,961.

The distribution of bank loans (i.e. advances and bills discounted) among the various fields of activity in Palestine shows that bank credit was destined mainly for agriculture and commerce, (see Table XXII). Loans for agriculture during the period September 30, 1936 to March 31, 1938 amounted on the average to 25 per cent of the total loans granted, while loans for general commerce (wholesale and retail trade) amounted to 22 per cent. Manufactures, on the other hand, received only about 12 per cent of the total credit granted, while construction received 4.3

TABLE XXII

Distribution of Bank Loans (Advances and Bills Discounted) According to General Categories of Borrowers, 1936-1938

(Amounts in thousands of Palestine pounds)

Category	September 30 1936 ^a		March 31, 1937 ^b		September 30 1937 ^a		March 31, 1938 ^c	
	Am't lent	% of total loans	Am't lent	% of total loans	Am't lent	% of total loans	Am't lent	% of total loans
Municipalities, local councils and village authorities	152	1.6	187	1.8	265	2.5	269	2.7
General utility bodies (gas, water, electricity, etc.)	80	0.8	40	0.4	42	0.4	86	0.9
Agriculture	2,516	26.0	2,438	23.9	2,691	25.7	2,419	24.0
Manufactures	1,157	12.0	1,265	12.4	1,156	11.0	1,162	11.5
Construction	361	3.7	620	6.1	419	4.0	344	3.4
General commerce (wholesale & retail merchants)	2,161	22.3	2,218	21.7	2,223	21.2	2,259	22.4
Miscellaneous	3,250	33.6	3,435	33.7	3,689	35.2	3,530	35.1
Total loans	9,677	100.0	10,203	100.0	10,485	100.0	10,069	100.0

a *Statistical Abstract of Palestine*, 1937-38 p. 124

b *Banks & Statistics Bulletin* No. 6/1937, p. 7

c *General Monthly Bulletin of Current Statistics*, July, 1938 p. 312

per cent on the average. A very small proportion of loans went to municipal and local authorities as well as to general utility enterprises.

A more detailed distribution of bank loans among the various categories of customers is given in Table XXIII. Of the 24 per cent share of credit to agriculture of total credit outstanding on March 31, 1938, about 13.9 per cent was destined for the citrus grove or its fruit and 9.7 per cent consisted of credit on or for agricultural holdings. Of the share of credit for general commerce (22.4 per cent) wholesale merchants received 17.3 per cent and retail merchants 5.1 per cent. Among the credits granted to manufacturing industries food, drink, and tobacco industries received the highest share of total credit, 2.6 per cent. In the miscellaneous group the largest single category of borrowers is that of professional and private individuals, who received over 10 per cent of the total credit granted on March 31, 1938. They also represented the largest number of customers of banks, being more than a third of the total number. The size of indebtedness of the professional and private individuals was,

TABLE XXIII

Distribution of Bank Loans (Advances and Bills Discounted) among
Categories of Borrowers as at March 31, 1938¹¹³

Category	Number of custo- mers	Amount lent	Average loan per custo- mer	% lent to each category of custo- mers
		£P.	£P.	%
To municipalities, local councils and village authorities	70	268,865	3,841	2.67
To gas, electricity, water, harbor, dock and other general utility bodies	91	86,533	951	0.86
<i>For Agriculture:</i>				
On or for the citrus grove or its fruit	2,546	1,398,237	549	13.89
On or for livestock	440	44,226	101	0.44
On or for agricultural holdings	18,484	976,370	53	9.70
<i>For Manufacture of:</i>				
Food, drink and tobacco products	1,222	260,867	213	2.59
Textiles and clothing	833	129,983	156	1.29
Wood and paper products (including furniture factories)	753	97,066	129	0.96
Soap and oils	158	152,745	967	1.52
Printed matter	451	69,401	154	0.69
Metal products (including machinery)	607	157,930	260	1.57
Chemical products	152	50,946	335	0.51
Stone, cement and bricks	566	115,713	204	1.15
Other manufactured products	689	127,720	185	1.27
<i>Construction:</i>				
For buildings in course of erection	941	343,577	365	3.41
<i>General commerce:</i>				
To wholesale merchants	4,113	1,743,482	424	17.32
To retail merchants	5,624	515,696	92	5.12
<i>Miscellaneous:</i>				
To or for				
Motor vehicles and transport services	942	236,311	251	2.35
Hotels, restaurants and boarding houses	615	63,547	103	0.63
Religious and charitable institutions	143	49,015	342	0.48
Financial concerns, including insurance companies, banks, etc.	888	567,643	639	5.64
Professional and private individuals	24,522	1,028,186	42	10.21
Entertainment concerns	318	40,697	128	0.40
Purchase of land	1,004	641,616	639	6.37
Buildings (mortgages) ^a	704	404,146	574	4.01
Other items	3,773	498,430	132	4.95
Total	70,649	10,068,948	143	100.00

a. This includes all mortgage loans not included in other categories.

however, small, £P 42 per customer on the average. Another large category of customers with a small average indebtedness was that of borrowers of funds for use on agricultural holdings or for constituting such holdings. The size of the indebtedness was large in the case of credit granted to municipalities and other local bodies, to general utility enterprises to soap and oil manufacturers, to financial concerns, and for the purchase of land.

The four categories of borrowers who received the largest amount of credit were wholesale merchants, recipients of loans destined for citriculture professional and private individuals, and borrowers of funds on or for agricultural holdings. Together these four categories of borrowers received a little over 50 per cent of the total credit granted. The proportion of credit granted to these categories on each of the four dates for which figures are available is given in Table XXIV.

TABLE XXIV

Proportion of Total Credit Granted to Main Categories of Borrowers,
1936-1938 113a

Category	Sept. 30 1936	March 31 1937	Sept. 30, 1937	March 31, 1938
Wholesale merchants	$\frac{1}{2}$ 15.95	$\frac{7}{10}$ 16.23	$\frac{1}{6}$ 16.06	$\frac{7}{10}$ 17.32
On or for citrus grove or its fruit	17.14	13.73	15.65	13.89
Professional and private individuals	10.31	11.40	10.36	10.21
On or for agricultural holdings	8.38	9.75	9.69	9.70
All other categories	48.22	48.89	48.24	48.88
	100.00	100.00	100.00	100.00

6 The interest rate. The interest rate allowed by banks on deposits or charged for loans differs according to the type of bank. Usually foreign banks charge a lower rate of interest on their advances and their discounts than local banks, but they also allow a much lower rate on deposits. There are also important variations in the rate of interest among the local banks. The smaller banks tempt the public by offering high rates for deposits¹¹⁴. They then lend the money at much higher rates to eager borrowers who cannot get credit from the larger

113a. *General Monthly Bulletin of Current Statistics* July, 1938 p. 313.

114. S. Ben Aharon *op cit* p. 158. It is stated in this article that some small banks offered as high as 5 and 6 per cent on daily balances.

banks. Table XXV gives the average rate of interest allowed on deposits or charged for loans by the foreign and local banks in the early months of 1936.

TABLE XXV

Average Rate of Interest Allowed on Deposits or Charged on Advances and Bills Discounted by Foreign and Local Banks in the Early Months of 1936¹¹⁵

Average rate of interest	Foreign banks	Local banks
	%	%
A. <i>Allowed on Deposits</i>	1 1/2	2 1/2
1. Demand Deposits		
2. Time deposits repayable	1 1/2	3 1/2
a. In 3 months	1 1/2	4
b. In 3-6 months	2	4 1/2
c. In 6-12 months	2 1/2	5
d. In more than 12 months		
B. <i>Charged for Loans</i>	6	8 1/2
1. Advances	6	8
2. Bills discounted		

The wide margin between the rate allowed by the foreign banks on deposits and that charged by them on loans is partly due to the fact that they invest a large part of their deposits in gilt-edged securities and in balances abroad at comparatively low rates of interest. The local banks on the other hand, have to keep a wide margin between the deposit and lending rates because of the greater risk they bear and because they handle a small volume of business relative to their capital investment, as evidenced by the low ratio of deposits to capital investment already noted.¹¹⁶

B. CREDIT COOPERATIVE SOCIETIES.

Urban and rural credit cooperative societies grant their members mainly short-term and to a lesser extent medium-term credit. Their financial resources for credit extension are derived from two principal sources: deposits made mainly by their members and partly by the general public, and borrowing from the larger banks. Some of the urban cooperatives handle a large volume of business and are comparable to the large local banks in size. Seventeen such cooperative societies, the so-called cooperative banks, by registering as companies under the Com-

¹¹⁵. Information privately secured.

¹¹⁶. See *supra*, p. 470.

panies Ordinance became subject to the Banking Ordinance in order to be able, in accordance with the requirement of the law, to accept deposits on current account from the general public¹¹⁷ Since the Banking (Amendment and Further Provisions) Ordinance of October 7, 1937, these cooperative societies have no longer been considered as banks¹¹⁸ The use by them of the term 'bank' as part of their name has been made subject to the authorization of the High Commissioner, who may refuse to give such authorization

The number of credit cooperative societies increased considerably in recent years The number of credit societies on register rose from 88 at the end of 1933 to 237 at the end of 1937. This great increase is due mainly to the development of rural cooperation, especially among the Arabs The number of rural credit societies rose from 56 in 1933 to 182 in 1937 The number of Arab credit and thrift societies established under government supervision during 1933 to 1937 is 120, the great majority of which are rural¹¹⁹ Table XXVI shows the growth in the number of both urban and rural credit societies during the period 1930 to 1937

TABLE XXVI

Number of Urban and Rural Credit Cooperative Societies on Register, 1930-1937¹²⁰

End of year	Rural societies	Urban societies	Total
1930	32	21	53
1931	34	24	58
1932	40	29	69
1933	56	32	88
1934	85	38	123
1935	119	45	164
1936	120	51	171
1937	182	55	237

Although much greater in number than the urban societies, the rural societies handle a much smaller volume of business They are mostly

¹¹⁷ *Banking Statistics Bulletin*, No. 3/1937, p. 5, and *Blue Book*, 1936, p. 369

¹¹⁸ Banking (Amendment and Further Provisions) Ordinance of 1937, *The Palestine Gazette*, Oct. 7, 1937

¹¹⁹ Report by His Majesty's Government to the League of Nations on the Administration of Palestine and Trans-Jordan (henceforth referred to as *Report to the League of Nations*) for the Year 1937, p. 290

¹²⁰ *Statistical Abstract of Palestine*, 1937-38, p. 126

small credit and thrift associations serving small village communities. This is especially true of the Arab societies which are still in their infancy.¹²¹

TABLE XXVII

Number, Membership, Own Funds, Borrowed Funds, and Main Assets of Reporting Rural and Urban Credit Cooperative Societies as of September 30, 1936 and 1937 ¹²²

	September 30, 1936			September 30, 1937		
	Rural	Urban	Total	Rural	Urban	Total
1. Number of societies submitting returns	117	37	154	117	47	164
2. Membership	20,136	60,002	80,138	19,472	69,148	88,620
3. Average membership per society	172	1,622	520	166	1,471	520
	£P.	£P.	£P.	£P.	£P.	£P.
4. Own funds ^a	72,517	442,803	515,320	116,404	540,740	657,144
5. Average own funds per society	620	11,968	3,346	995	11,505	4,007
6. Average own funds per member	3.6	7.4	6.4	6.0	7.8	7.4
7. Borrowed funds	1,058,084	3,349,055	4,407,139	859,810	3,680,231	4,540,041
a. deposits	350,856	2,507,603	2,858,459	278,468	2,833,934	3,112,402
b. loans received	470,693	335,412	826,105	440,778	332,503	773,281
c. other ^b	236,535	486,040	722,575	140,564	513,794	654,358
8. Average borrowed funds per society	9,043	90,515	28,618	7,349	78,303	27,683
9. Average borrowed funds per member	53	56	55	44	53	51
10. Main assets	1,186,255	3,787,812	4,974,067	976,922	4,211,668	5,188,590
a. cash and bankers	107,187	618,250	725,437	94,436	728,203	822,639
b. investments	12,128	121,284	133,412	13,050	144,005	157,055
c. movable and immovable property	23,971	112,366	136,337	25,389	132,966	158,355
d. sundry debtors	1,042,969	2,935,912	3,978,881	844,047	3,206,494	4,050,541
11. Average main assets per society	10,139	102,373	32,299	8,350	89,610	31,638
12. Average main assets per member	59	63	62	50	61	59

a. Own funds consist of share capital or contributions and surplus.

b. "Undistributed profits and other funds" and "sundry creditors".

121. See *infra*, pp. 499-500.

122. Figures for 1936 from *Blue Book*, 1936, p. 370; for 1937 from *Statistical Abstract of Palestine*, 1937-1938, p. 127.

The larger size and greater volume of business of urban credit co-operatives is revealed by a comparison of the membership, own funds, borrowed funds and main assets of reporting urban and rural societies as shown in Table XXVII. The average membership of rural societies on September 30 1937 was only 166 while that of urban societies was 1,471. The larger own funds of these latter are accounted for mainly by larger membership. Although the average own funds per society were £P 11,503 for the urban societies as compared with £P 995 for the rural ones, the average own funds per member were only £P 7.8 for the urban as compared with £P 6 for the rural societies. The same remark may be made about the borrowed funds and main assets, namely that the greater amount of borrowed funds and main assets of urban societies is a result of their larger membership. There is, however, an important difference between the urban and rural societies in the composition of their borrowed funds. The urban societies depend mainly on deposits, while the rural societies depend mainly on borrowing especially from the large banks. The Arab societies secure most of their funds from loans which are granted exclusively by Barclays Bank.

The analysis of the operation of credit cooperative societies can be satisfactorily made for only 95 large Jewish societies which have voluntarily agreed to submit to the Registrar of Cooperatives monthly statements of assets and liabilities, similar to those submitted by the commercial banks.¹²³ As was pointed out earlier, these cooperatives handle by far the greater part of the business handled by all cooperative societies.¹²⁴ The membership of these 95 credit cooperatives was 84,725, which is 96 per cent of the total membership of 164 reporting credit cooperatives on that date. On March 31, 1938 their total membership was 86,558 and they consisted of 39 urban societies with an average membership of 1,805 and 56 rural societies with an average membership of 289.¹²⁵ On June 30, 1938 their total membership rose to 87,484.¹²⁶

The main items constituting the financial resources of these credit cooperatives are the deposits they hold, their own funds, the advances made to them by central banks of cooperative societies and other banks, the balances they hold for other credit cooperatives and the value of the

123 The annual returns submitted by all cooperative societies on September 30 of each year are not sufficiently detailed to permit of a satisfactory analysis of the operations of credit cooperative societies.

124 See *supra* p. 463.

125 *General Monthly Bulletin of Current Statistics* May-June 1938 pp. 43-49.

126 *Ibid.* September 1938 p. 418.

debentures issued by them. The most important of these items are own funds and deposits. Table XXVIII gives the own funds and deposits of the 95 societies during the period June, 1936 to June, 1938.

TABLE XXVIII

Own Funds, and Deposits of Credit Cooperative Societies Submitting Monthly Returns, 1936 to June, 1938 127

End of month	Own funds ^a	Deposits					Ratio of deposits to own funds
		Total deposits £P.	Demand deposits		Time deposits		
			Amount £P.	% of total	Amount £P.	% of total	
1936							
June	—	2,548,110	1,834,901	72	713,209	28	—
September	570,856	2,623,815	1,699,050	65	924,762	35	4.60 : 1
December	572,833	2,789,542	1,833,686	66	955,856	34	4.87 : 1
1937							
March	591,535	2,829,726	1,817,398	64	1,012,328	36	4.78 : 1
June	615,976	2,973,176	1,868,053	63	1,105,123	37	4.83 : 1
September	623,248	2,893,189	1,771,630	61	1,121,559	39	4.64 : 1
December	635,648	2,819,431	1,676,715	59	1,142,716	41	4.44 : 1
1938							
March	639,154	2,819,884	1,624,126	58	1,195,758	42	4.41 : 1
June	643,926	2,936,244	1,671,529	57	1,264,715	43	4.56 : 1

a. Own funds consist of share capital or contributions and reserve fund.

Table XXVIII shows that the ratio of deposits to own funds was on the average more than 4.5 to 1 during June, 1936 to June, 1938. This seems to be a much better ratio than that of local banks, which is about 2:1.¹²⁸ The greater part of the deposits of credit cooperatives consists of demand deposits, but the proportion of time deposits to total deposits held by them is much greater than that held by commercial banks. Moreover, this proportion was rapidly increasing during June, 1936 to June, 1938, until in 1938 time deposits constituted over 40 per cent of total deposits. The increase in the proportion of time deposits suggests a decrease in the opportunities of safe investments in agriculture and industry.

The credit cooperatives submitting monthly returns employ their funds mainly in making advances to their members and in discounting

127. Compiled from *Statistical Abstract of Palestine, 1937-38*, p. 120, and *Banking Statistics Bulletins, 1937-1938*, and *General Monthly Bulletin of Current Statistics, July, 1938*, p. 314, and Sept., 1938, p. 420. The number of societies submitting monthly returns was 93 up to April, 1937; since then it has risen to 95.

128. See *supra*, p. 470.

bills made by them. Their investments in securities are generally very small. They amounted on June 30, 1938 to £P. 147,507, or 5 per cent of their total deposits on that date.¹²⁹ However, their balances with other banks and credit societies are usually large, amounting on June 30, 1938 to £P. 690,770, or 24 per cent of total deposits.¹³⁰ The loans made by the cooperatives during the period June, 1936 to June, 1938 exceeded their deposits by over 15 per cent. They amounted to 117 per cent of deposits in June, 1938. Although this proportion is lower than that of the local banks, it is much higher than that of all banks taken together.¹³¹ The distribution of loans of credit cooperatives submitting monthly returns as between advances and bills discounted and according to the term of credit is given in Table XXIX.

TABLE XXIX

Total Loans (Advances and Bills Discounted) Granted by Credit Cooperative Societies Submitting Monthly Returns, June, 1936 to June, 1938¹³²

End of month	Total loans (advances & bills discounted) £P.	Advances			Bills discounted				
		Amount £P.	% repayable in 1 year	% repayable in more than 1 year	Amount £P.	% maturing within 3 months	% maturing in 3-6 months	% maturing in over 6 months	% overdue and unpaid
1936									
June	3,182,044	2,278,774	—	—	903,270	—	—	—	—
September	3,214,028	2,325,853	76	24	888,175	56	22	11	11
December	3,209,311	2,374,151	77	23	835,160	55	23	11	11
1937									
March	3,290,200	2,434,617	77	23	855,583	55	23	10	12
June	3,416,152	2,539,784	78	22	876,368	59	20	9	12
September	3,504,525	2,614,762	78	22	889,763	57	17	11	15
December	3,405,619	2,567,182	77	23	838,437	53	22	14	11
1938									
March	3,405,662	2,626,809	78	22	778,853	57	16	14	13
June	3,426,913	2,684,514	78	22	742,399	53	20	11	16

¹²⁹ *General Monthly Bulletin of Current Statistics*, Oct., 1938, p. 475

¹³⁰ *Ibid*

¹³¹ See *supra*, p. 477

¹³² Compiled from *Statistical Abstract of Palestine, 1937-38*, *Banking Statistics Bulletin*, 1937-1938, and *General Monthly Bulletin of Current Statistics*, July and Oct., 1938. The number of societies submitting monthly returns was 93 up to April, 1937, since then it has risen to 95.

Table XXIX shows that advances form the greater part of the total credit granted by credit cooperatives. During the period June, 1936 to June, 1938, 72-78 per cent of the total loans consisted of advances. The greater proportion of advances, 76-78 per cent, was made for a period of less than one year. Of the bills discounted, the proportion of those maturing within a period of three months represented about 55 per cent, while the proportion of those maturing in more than three months was about 33 per cent. The remainder, or about 12 per cent, were bills overdue and unpaid. The high proportion of unpaid overdue bills, especially at the end of the first two quarters of 1938, indicates that credit cooperatives are meeting with difficulties in the collection of their credits.

Before concluding this brief survey of credit cooperative societies, it may be stated that some of these societies have developed their banking business to such an extent that they have hardly become distinguished from the large local banks. Their registration under the Companies Ordinance has enabled them to receive money on current account from the general public and, consequently, to extend their banking operations considerably. Such registration, however, had its disadvantages, since those credit cooperatives which have registered under the Companies Ordinance have become subject to the regulations and triple control of the Cooperative Societies Ordinance, the Companies Ordinance, and the Banking Ordinance. They, therefore, had to pay double registration fees and to audit their accounts according to the requirements of both cooperative and company legislation. Besides, as has already been stated, these cooperative societies, although registered under the Companies Ordinance, are not considered, according to recent legislation, as banks. This has placed them in the anomalous position of not being banks, while at the same time they are engaged in banking business. New legislation is contemplated by which the position of the large cooperatives doing banking business is to be clarified.¹³³ In the meantime, an amendment of the Companies Ordinance regulates and facilitates the conversion of cooperative societies into companies, by which conversion they lose their status as cooperatives and will be in a position to become banks.¹³⁴ By the end of 1937, four credit cooperative societies, desirous of becoming banks, had submitted conversion schemes for approval.¹³⁵ One of the

133. *Report to the League of Nations*, 1936, p. 306.

134. Companies (Amendment) Ordinance, 1937, *The Palestine Gazette*, May 13, 1937, Supplement No. 1.

135. *Report to the League of Nations*, 1937, p. 290. The four cooperatives seeking conversion into companies in 1937 were: Industrial Bank, Ltd., Zerubabel Bank, Ashrai Bank, Ltd., and Kupat Am Bank. Grunwald, "Banking and Credit in Palestine", *Palnews Economic Annual of Palestine*, 1938, p. 82.

four schemes was approved and the others were still under consideration 136

IV Non Commercial Banking Institutions

Non-commercial banking institutions the main function of which is to provide long term credit may be divided according to whether they finance agriculture or manufacturing industry, or construction. They may also be classified according to the method of financing into mortgage banks investment banks and savings banks. Mortgage banks, in so far as they may be defined as banks which grant loans mainly on the security of immovable property are referred to in Palestinian law as credit banks. The classification which will be used in this brief discussion of non commercial banking is one which distinguishes between credit banks on the one hand and other non commercial banking institutions, whether investment or savings banks, on the other.

A CREDIT BANKS

A credit bank is defined in Palestinian law as, "a company registered under the Companies Ordinance which is described by its name as a credit mortgage or agricultural bank, and which has as its principal object the lending of money on the security of immovable property". The law further provides that it shall be authorized by the High Commissioner to carry on the business of a credit bank. A credit bank enjoys the privilege of being able in case of default of payment, to buy and become owner of the immovable property mortgaged as security for its loans.

The issue of loans on immovable property is regulated by the Credit Banks Ordinance 1920-1922 137. Such loans must fulfill the following conditions: (1) they shall be repayable by instalments the time of payment to be fixed with regard to the borrowers' circumstances, (2) when they are made on the security of agricultural property, there shall be an implied condition of relief in bad seasons, (3) they shall be made upon certificates of value of property issued by licensed valuers, and (4) prepayment of the loan or any part thereof not less than one-fourth, shall be accepted by credit banks. The law also gives the High Commissioner power when authorizing a credit bank, to require the following additional conditions: (1) loans shall only be made on the security of first mortgage, (2) uninsured buildings shall not be accepted as security, and

136 *Report to the League of Nations 1937* p. 290

137 *Legislation of Palestine 1918-1925* pp. 66-72

(3) the amount of the loan shall not exceed a certain proportion¹³⁸ of the value of the property given as security.

Credit banks are subject to the inspection of the Credit Bank Inspector, whose duty is to investigate whether or not every credit bank is conducting its business in accordance with the provisions of the law and of its memorandum and statutes.¹³⁹ The inspector has the right to call for the production of any books or documents relating to banking business and to examine any officer or agent of the credit bank he inspects.

Credit banks are given the right to issue debentures secured by the mortgages they hold on the property of their customers.¹⁴⁰

There are eight credit banks in Palestine, namely : the Agricultural Mortgage Company of Palestine, the General Mortgage Bank of Palestine, the Arab Agricultural Bank, the Palestine Mortgage and Credit Bank, the South African-Palestine Co., the Palestine Urban Bank, Kedem Credit Bank, and the National Guarantee and Mortgage Bank. Some of these banks also act as commercial banks, namely the Arab Agricultural Bank and Kedem Credit Bank.¹⁴¹ Most of the credit banks grant mortgage loans mainly for construction and on the security of urban property. It is only the Agricultural Mortgage Company of Palestine and the Arab Agricultural Bank which issue agricultural loans on the security of rural property. More will be said about long-term credit for agriculture in the special section of this chapter dealing with agricultural credit.

The growth of the population of Palestine as a result of immigration and natural increase created a large demand for buildings, both for housing and for commerce and industry. Consequently, there arose a great need for long-term credit for construction. This need was met partly by mortgage banks and insurance companies and partly by private lending on the security of the buildings under construction. The large amount of loans granted in recent years on the security of immovable property is shown by the value of mortgages registered. Table XXX gives the value of mortgages registered and the approximate value of building activity in municipal areas in 1932-1937.

138. Except with special administrative approval, the proportion not to exceed : 25% in the case of plantations; 50% in the case of unplanted land; 50% in the case of industrial loans; 75% in the case of buildings, whether urban or rural.

139. Credit Banks Ordinance, 1920-1922, *Legislation of Palestine, 1918-1925*, pp. 66-72.

140. *Ibid.*

141. The names of these two banks occur in the list of banks submitting returns to the Treasurer in accordance with the Banking (Amendment and Further Provisions) Ordinance, 1936 which applies only to commercial banks. See *Banking Statistics Bulletin*, No. 3/1938, Appendix, p. 10.

vestment banking operations. These banks follow the German system of mixed banking by combining investment credit operations with their commercial banking business ¹⁵³

A development which may indirectly have an effect on investment banking in Palestine is the establishment (in 1935) of the Securities Clearing House in Tel Aviv ¹⁵⁴. This unofficial stock market has fostered dealings in securities and has encouraged the public to invest in local securities. This may in time encourage the financing of local enterprises by the issue of stocks and bonds and thus may help to develop investment banking. So far, however, the number of securities dealt with in the Clearing House is very small and consists mainly of the shares and debentures of credit banks ¹⁵⁵.

Another type of bank which is lacking in Palestine is the savings bank. Savings accounts are handled by the commercial banks as well as by the credit cooperative societies. A postal savings institution may be the proper agency for encouraging savings among all sections of the population.

V Agricultural Credit

There are various agencies for the provision of agricultural credit in Palestine. These agencies differ according to whether the community they serve is Arab or Jewish. This is chiefly because the credit problems of the Arab *fellah* are different from those which confront the Jewish cultivator.

A CREDIT TO THE ARAB CULTIVATOR ¹⁵⁶

The most important credit problem of the *fellah* is his indebtedness. He is burdened with a sort of permanent debt to the money-lender, which has accumulated to such an extent that there is no possibility of paying it off from his regular income from the land. The funds borrowed originally were in most cases, used for unproductive purposes and did not, therefore help to increase the income of the *fellah*. The burden of the debt was also increased by usurious interest charges until the actual indebtedness came to represent a sum greater than the amount originally received by the *fellah*.

¹⁵³ Recent Developments in Palestine Banking. *The Banker* Oct., 1935

¹⁵⁴ Ben Aharon *op cit* p 157

¹⁵⁵ Grunwald "Banking and Credit in Palestine", *Palestine Economic Annual of Palestine* 1938 p 86

¹⁵⁶ Information on this subject is drawn mostly from *Memoranda for Palestine Royal Commission* Mem No 13 14 and 15 pp 41 50

Before the War rural indebtedness existed but to a much smaller extent than that which has accumulated since the War. During the War and immediately after, the *fellah* was able, because of the high prices he received for his crops, to wipe out his debts and became relatively prosperous. This prosperity did not last long. The *fellah* who is ignorant and generally not far-sighted, did not profit from these early prosperous years to improve his cultivation, to set aside a reserve for the future, or to develop the land. The last alternative did not appeal to the large number of cultivators, who worked on the land as tenants sharing its produce with their landlords. When the prices of crops began to fall from their high level of the War and immediate post-War periods, the *fellah* began to borrow to keep up his improved standard of living hoping to pay off his debt from better future prices. But as the old abnormal prices never returned, he quickly fell into debt greater than that which he had known before. This debt was contracted at usurious interest rates, most commonly at 30 per cent per annum. The high interest rates were, to a certain extent, justified by the great risk involved. The *fellah* renewed this debt from year to year as it was impossible for him to pay it off.

The Johnson Committee which investigated the economic condition of agriculturists in 1930 arrived at an estimate of the indebtedness of the *fellahin* amounting to £P. 2,000,000, representing an average of £P. 27 per family, for which an average rate of interest of 30 per cent was charged.¹⁵⁷ The annual net income of the average agricultural family up to the middle of 1929 was estimated at £P. 25-30. Consequently it was impossible for the average *fellah* to pay off his debt from his annual net income, as this was barely sufficient to support him and his family. The Johnson Committee believed that the problem of rural indebtedness could only be solved gradually and recommended for that purpose the organization of village credit cooperatives.

To give effect to the Johnson Committee's recommendation, the Palestine Government asked Mr. C. F. Strickland of the Indian Civil Service to study the condition of the *fellah* and to advise on the methods to be followed for establishing credit cooperatives in Arab villages. In his report Mr. Strickland came to the conclusion that "no small percentage of the cultivators are entirely insolvent and neither cooperative credit nor

157. The Committee investigated 21,000 *fellah* families, about 26 per cent of the total number of *fellah* families, inhabiting 104 villages which constitute 12 per cent of the total number of villages, and cultivating an area of 1,250,000 dunums, which is 10 per cent of the total cultivable area of Palestine.

TABLE XXX

Value of Mortgages Registered and Approximate Value of Private Buildings Constructed in Municipal Areas, 1932-1937¹⁴²

Year	Mortgages registered £P	Buildings constructed £P
1932	1 375 418	2 945 708
1933	2 719 681	5 600 732
1934	4 868 092	7 002 268
1935	7 103 397	8 440 182
1936	5 499 408	5 706 915
1937	5 977 389	4 148 462

The fact that the growth in the value of mortgages registered follows the same trend as the value of building activity suggests that most of the mortgages were made as security for urban construction. This inference is also borne out by the fact that by far the greater proportion of mortgages was registered in the sub-districts of Tel Aviv, Haifa, Jaffa and Jerusalem.¹⁴³ Both the value of mortgages registered and that of building activity were highest in 1935, the year of greatest immigration and capital influx.

No statistics are available to show the extent of urban mortgage banking separately. There are some data, however, on the operations of the General Mortgage Bank of Palestine, which is the most important urban mortgage bank in Palestine. The mortgage loans issued by this bank in 1936 amounted to £P 440 000, which was half the 1935 figure.¹⁴⁴ In 1937 they amounted to £P 633,493.¹⁴⁵ On December 31, 1937 the bank had mortgage loans outstanding amounting to £P 2 604 230 as compared with £P 2 074 343 on December 31, 1936,¹⁴⁶ £P 1 903 648 on December 31, 1935,¹⁴⁷ and £P 954 on December 31, 1934.¹⁴⁸ The

¹⁴² *Statistical Abstract of Palestine* 1937 38 pp 55 and 130.

¹⁴³ In 1937 93 per cent of the value of all mortgages was registered in the four sub-districts of Tel Aviv, Haifa, Jerusalem and Jaffa and 39 per cent in Tel Aviv alone.

¹⁴⁴ A. Poshter, "Banking in Palestine 1936", *Palestine Economic Annual of Palestine* 1937 p 163.

¹⁴⁵ Gruenwald, "Banking and Credit in Palestine", *Palestine Economic Annual of Palestine* 1938 pp 86-87.

¹⁴⁶ *Ibid*.

¹⁴⁷ S. Ben Aharon *op cit.*, p 155.

¹⁴⁸ *Ibid*.

General Mortgage Bank finances itself mainly through the issue of debentures. On December 31, 1937, the par value of its debentures in circulation was £P. 2,230,000, divided into £P. 380,000 of 6 per cent 20-year debentures and £P. 1,850,000 of 5 per cent 20-year debentures.¹⁴⁹ Of these latter, £P. 480,000 was issued in 1937.¹⁵⁰

B. OTHER NON-COMMERCIAL BANKING INSTITUTIONS.

Investment banking is little developed in Palestine for three principal reasons. In the first place, most of the industries are not fully established and their future development is uncertain, so that financing by banks involves great speculation. In the second place, the great majority of new enterprises have been transplanted from European countries and have not found reasonably dependable opportunities for expansion. In the third place, most of the industrial and commercial enterprises are small undertakings requiring little or no investment capital besides what is contributed by the organizers. As a matter of fact many enterprises have been overcapitalized. Even if outside capital is needed by a company, its shares may easily be subscribed to privately without resort to the services of a bank. Thus there is practically little need for underwriting of the share capital, or of debentures of industrial or commercial companies. Most of the securities issued in Palestine are shares and debentures not of commercial and industrial companies but of banks and public utilities. The largest issues are those of the General Mortgage Bank of Palestine. The only issue of importance made by an industrial concern is that of £P. 350,000 5 per cent redeemable cumulative preference shares of Palestine Potash Ltd., placed on the London and Jerusalem markets simultaneously in 1935.¹⁵¹ In any case, issues of securities are rarely underwritten by banks. They usually act simply as selling agents for the securities issued. There is only one investment bank in Palestine having for its aim the promotion of enterprises and the underwriting of securities, namely, the Industrial and Financial Corporation of Palestine.¹⁵² It is not possible to tell, however, whether this bank is able to do much real investment banking. The little need for investment banking and the lack of proper investment banks are also explained by the readiness of certain commercial banks to undertake in-

149. Grunwald, "Banking and Credit in Palestine", *Palnews Economic Annual of Palestine*, 1938, pp. 86-87.

150. *Ibid.*

151. "Recent Developments in Palestine Banking", *The Banker*, Oct., 1935.

152. Ben-Aharon, *op. cit.*, p. 157.

any form of state loans can place them on a solvent footing if the whole nominal claim of their creditors is to be paid.' Among his recommendations were the establishment of credit cooperatives on the Raiffeisen model short term loans by the Government for working expenses, long term loans through certain agencies for settlement of old debts and for development purposes, the extension of the Bankruptcy Law to farmers, the imposition of penalties for usury, and amendment of the law regarding imprisonment for debt.

The above recommendations were carried out in full or in part. The action taken on the last two recommendations by the enactment of the Imprisonment for Debt Ordinance of 1931 and the Usurious Loans Ordinance of 1934 has led to the restriction of the activities of money-lenders and as a result to the re-ort by the *jellah* to other sources of credit which have become available. It may be said, therefore, that although the *jellah's* debt to the money lender has not yet been paid, the latter is now much less important as a source of regular credit than formerly.

The chief agencies which at present provide short and medium-term credit to the Arab cultivator are the Government, credit cooperative societies, Barclays Bank and other banks.

The Palestine Government found it necessary to extend credit to the *jellahin* on various occasions before 1930 and since that year annual short term loans have been issued to provide them with working capital for cultivation. The loans issued before 1930 amounted to £P 615,665, of which £P 572,751 had been recovered by March 31, 1936, while an amount of £P 75,028 had been written off and a balance outstanding of £P 17,880 remained unpaid. Most of these loans were issued in 1919-1923 in order to restore agriculture to normal conditions, and some were issued in 1927 and 1928 to relieve cultivators who suffered from drought or failure of crops. The loans issued since 1930 and up to 1935-36 amounted to £P 189,934, of which £P 40,665 had been recovered by March 31, 1936 as shown in Table XXXI.

All the Government short term loans since 1930, except those of 1935-36 were issued at 5 per cent interest. The 1935-36 loans were issued at 9 per cent which is the rate charged by the credit cooperatives. Most of the loans did not exceed £P 10 per farmer and were payable in two instalments after the harvest.

Credit cooperatives in Arab villages were organized under the guidance of the Registrar of Cooperatives and his staff in accordance with the plan drawn out by Mr Strickland. Since 1933 a number of primary

TABLE XXXI
Government Short-Term Loans to Cultivators, 1930 to 1935-36
(In Palestine pounds)

Year	Total loans issued	Amount recovered up to March 31, 1936	Balance out- standing as of March 31, 1936
1930	29,980	7,692	22,288
1931	17,137	12,070	5,067
1932—33	53,537	17,416	36,121
1933—34	57,259	3,064	54,195
1933—34 (Fodder loans)	20,720	406	20,314
1934—35	6,313	17	6,296
1935—36	4,988	—	4,988
Total	189,934	40,665	149,269

societies have been started in various villages where the preliminary work of training the people in cooperative practices is performed. The total number of societies on register on December 31, 1937 was 120. The position of the Arab credit cooperative societies in 1936 and 1937 is shown in Table XXXII.

TABLE XXXII
The Position of Arab Credit Cooperative Societies,
1936-1937¹⁵⁸

	December 31, 1936	December 31, 1937
Number of societies	60	120
Number of members	3,078	5,121
Average membership	51	43
	£P.	£P.
Own funds	6,331	10,117
Borrowed funds	49,629	62,272
Loans issued	55,662	71,790
Average loan issued per member	18	14

It is clear from Table XXXII that the Arab credit societies are still small. They had an average membership of 51 on December 31, 1936.

The formation of 60 additional societies in 1937 reduced the average membership to 43, as the new societies have ordinarily fewer members. On December 31, 1937, the total own funds of Arab cooperatives amounted to £P 10 117, representing an average of £P 84 per society. The borrowed funds, consisting mostly of advances from Barclays Bank, were about six times as large as the own funds, amounting to £P 62,272. The amount of loans issued were slightly larger than the borrowed funds, and almost equivalent to the sum of own and borrowed funds. The average loan per member was £P 14 on December 31, 1937, as compared with £P 18 on December 31, 1936.

The societies borrow from Barclays Bank at the rate of 6 per cent and lend to their members at the rate of 9 per cent. The difference is utilized to build up the own funds of the societies and is not distributed in dividends to members. The societies have been successful in enlisting the loyalty of the villagers. In the three years 1933-1936 there was no record of failure of members to pay their debts at maturity, most repayments having been made actually in advance of the dates when they were due.

The third agency for granting short term credit to Arab cultivators is Barclays Bank. This bank frequently cooperates with the Government in its schemes for providing the rural population with credit. It began to grant agricultural credit directly by issuing seasonal credit to cultivators in Nazareth. By an arrangement with the Government in 1933, these operations were extended to other rural centers where Barclays Bank had branches. The Government also agreed to help the bank in establishing new branches in other places for the issue of seasonal credit by means of an annual grant of £P 500 for a period of three years in respect of each branch. Three branches existed before the arrangement, at Nazareth, Acre, and Nablus, and two new branches were opened after 1933 at Hebron and Gaza. Arrangements are being made for the establishment of another branch at Ramle. The total seasonal credit issued by Barclays Bank in 1935-1936 was £P 230,000, the loans to be repaid in instalments falling due between the middle of September and the end of December. The bank originally agreed to charge 8 per cent interest, but this rate was later raised to 9 per cent in order not to compete with the credit cooperative societies.

Lastly, there are other banks which issue short-term credit to Arab cultivators, the most important of these banks being the Arab Agricultural Bank. In order to facilitate the issue by banks of short term loans to cultivators, the Short Term Crop Loans (Security) Ordinance of 1935

was enacted. This ordinance provides that an "approved" company or bank may take a charge on the crop of a borrower even if that crop is not in existence at the time the charge is made. A simple procedure is provided for the registration of such charges.

Long-term development credit for the Arab cultivator is still generally lacking. There are only two banks which provide such credit, namely, the Arab Agricultural Bank and the Agricultural Mortgage Company of Palestine. The latter was formed in 1935 for the purpose of issuing long-term development loans secured by first mortgage on immovable property. According to the instructions given to the general manager, 75 per cent of the loans are to be for agricultural development. The registered capital of the company is £P. 400,000, of which half is paid-up. The following institutions participated in the formation of the company: Barclays Bank, the Anglo-Palestine Bank, the Ottoman Bank, the Prudential Assurance Company, the Guardian Insurance Company, the Palestine Economic Corporation (of New York), and the Economic Board for Palestine (of London).¹⁵⁹

The Government helped in the formation of the Company by making an advance of £P. 150,000 to constitute a guarantee fund as an additional security to bondholders. This advance is to receive interest varying with the profits of the Company. No interest will be received, however, during the first 10 years unless a dividend of more than 6 per cent is declared, in which case the interest will be at the same rate as the dividend. After 25 years the Government will become a shareholder in the Company to the extent of the advance. The nomination of the Chairman of the Board of Directors is made by the Government which also approves the appointment of the General Manager.

Legislation is under consideration to relieve the Company from the provision of Ottoman Law to the effect that the total interest that may be received from any loan may not exceed the amount of the loan.

The Company began operations on July 16, 1935. Loans issued by it in the first few months averaged £P. 900 and were made for terms varying between 5 and 20 years at a rate of interest of 8 per cent. The maximum amount that may be advanced to individuals is £P. 2,000, while cooperative societies or companies may receive up to £P. 5,000. The maximum term for which loans may be issued is 20 years. The Company lends to both Arabs and Jews and is said to have granted credit to the amount of £P. 150,000 in 1936.¹⁶⁰

159. Ben-Aharon, *op. cit.*, p. 154.

160. A. Poshter, *op. cit.*, pp. 161-162.

B CREDIT TO THE JEWISH CULTIVATOR.

The Jewish cultivator is not burdened by an unproductive debt as is the Arab cultivator. The money borrowed by the Jewish farmer is used mainly to settle on the land, to develop it, or to provide working capital for cultivation. Although part of the Jewish cultivators' debt may be unproductive, especially if the price paid for the land is too high, most of the debt may be considered as productive.

An investigation was made of the indebtedness of 160 Jewish settlements containing 37,803 persons (exclusive of agricultural workers) forming 75 per cent of the total Jewish agricultural population, with a total area of 563,190 dunums, of which 373,871 were cultivated.¹⁶¹ Of this area, 106,993 dunums were planted in citrus, representing 66 per cent of all Jewish citrus plantations. The results of this investigation are given in Table XXXIII.

TABLE XXXIII
Indebtedness of Jewish Cultivators in 160 Settlements¹⁶²

Percentage of citrus cultivation to total cultivation	Number of settlements	Dunums cultivated	Number of earners	Indebtedness		
				Total	Per dunum cultivated	Per earner
				£P.	£P.	£P.
Over 50 per cent	54	120,933	4,994	2,878,897	23.8	576.5
20—50 " "	11	7,210	1,492	151,704	21.0	101.7
10—20 " "	7	41,474	1,151	135,151	3.3	117.4
Under 10 " "	88	204,254	8,084	1,332,130	6.4	164.7
Total	160	373,871	15,721	4,497,882	12.0	286.0

The large indebtedness of the 160 settlements investigated, amounting to about £P. 4½ million, is an indication of a considerable investment in agriculture. Of this indebtedness, it was estimated that £P. 1,145,197, or about 25 per cent, represented short-term credit and the remainder, or £P. 3,352,685, represented long term credit.¹⁶³ The average indebtedness per dunum cultivated was £P. 12, while the average indebtedness per earner was £P. 286. The average indebtedness per dunum and per earner

¹⁶¹ *Memoranda for Palestine Royal Commission*, p. 44. Certain reservations are made as to the accuracy of the results of the above investigation. The date of the investigation is not given, but presumably it is recent.

¹⁶² *Ibid.*, p. 44. The date of the investigation is not given.

¹⁶³ *Ibid.*

was almost twice as high in the case of settlements where citriculture was more than 50 per cent of total cultivation. This is explained by the fact that citrus plantations require heavy capital investments as well as large amounts of working capital. The large indebtedness of the Jewish citrus cultivator may become a serious problem in case of overproduction of citrus fruits forcing down their prices below cost of production.

The most important agencies for the provision of short-term credit to the Jewish cultivator are the rural cooperative societies and the Central Bank of Cooperative Institutions.¹⁶⁴ A number of other banks also give short-term loans to Jewish agricultural settlements.

Official statistics do not give any separate figures for Jewish rural cooperative societies. Of the 95 large Jewish cooperative societies discussed previously, 56 were rural societies.¹⁶⁵ These are much smaller in size than the remaining 39 urban societies. Their average membership on March 31, 1938 was 289 as compared with an average membership of 1,805 for the urban societies.¹⁶⁶ Their average total own funds, total borrowed funds, total deposits, and total advances and bills discounted on March 31, 1938 and September 30, 1937 were as follows :—¹⁶⁷

	Septembr 30, 1937 £P.	March 31, 1938 £P.
Average total own funds	2,609	2,586
Average total borrowed funds (excluding deposits)	7,276	6,866
Average total deposits	4,972	4,884
Average total advances and bills discounted	12,473	11,952

These figures show that the Jewish rural cooperative societies are much larger than the Arab societies, which are still in an early stage of development.

The Central Bank of Cooperative Institutions grants loans mainly to the Jewish settlements, many of which are cooperative bodies themselves or have various kinds of rural cooperatives attached to them.

Intermediate- and long-term agricultural credit to the Jewish cultivator is provided by "Nir" Company (a financial institution established by the Jewish Federation of Labor for granting long-term loans to agricultural settlers), the Farmers' Bank, the Workers' Bank, as well as by

164. *Ibid.*

165. See *supra*, p. 488.

166. *General Monthly Bulletin of Current Statistics*, May-June, 1938, p. 49.

167. *Ibid.*

the Central Bank of Cooperative Institutions ¹⁶⁸ A new company established by the Jewish Agency and the Anglo-Palestine Bank, the Otzar Lehaklauth Ivrit Ltd, granted loans amounting to £P 20,000 in 1936 ¹⁶⁹ The Anglo-Palestine Bank itself, on many occasions, granted intermediate and long term loans for agriculture ¹⁷⁰ In 1936 it invested £P 25 000 in four year loans for vegetable raising ¹⁷¹ In addition to these Jewish institutions the Agricultural Mortgage Company of Palestine, discussed previously provides long term credit both to the Arabs and to the Jews ¹⁷² Finally aside from the above mentioned banks and financing institutions the various Jewish National Funds and the Palestine Jewish Colonization Association finance the settlement of Jewish immigrants on the land and thus frequently provide the initial capital investment for the Jewish cultivator ¹⁷³

¹⁶⁸ A Poshter *op cit* p 156

¹⁶⁹ *Ibid*

¹⁷⁰ S Ben Aharon *op cit* p 154

¹⁷¹ A Poshter *op cit* p 156

¹⁷² See *supra* p 501

¹⁷³ *Memoranda for Palestine Royal Commission*, p 44

CHAPTER X

THE FISCAL SYSTEM

I. Historical Background

The fiscal system applicable to Palestine under the Ottoman Régime was that obtaining generally throughout the Ottoman Empire before the War. The finances of the Autonomous Sanjaq of Jerusalem (embracing the *qadûs* or districts of Jerusalem, Jaffa, Hebron, Gaza and Beersheba) were directly controlled by the Ministry of Finance at Constantinople, while the Sanjaq of Acre (comprising the districts of Acre, Haifa, Safad, Nazareth, and Tiberias) and the Sanjaq of Nâblus (including the districts of Nâblus, Jenîn, and Tûlkarm) were administered from Beirut.

The direct taxes in rural districts were the *Werko*, the Tithe and the Animal Tax. The *Werko* was collected at the rate of 4 per mille of the capital value of *Mîrî* Land as it had been assessed a quarter of a century previously; the Tithe was collected at 12½%¹, not 10%, on the gross yield of the land; and the Animal Tax, which was originally intended to be a Tithe on the living produce of the soil, had taken the form of a tax per head of camels and buffaloes not used for ploughing, of sheep, goats and pigs.

In the rural area of Beersheba, however, the *Werko* was not collected. The land was cultivated by nomadic tribes but they held no *qûshâns* (title deeds) therefor. In the interest of revenue, looking ten years ahead, the Ottoman Government offered ten years' exemption from *Werko* if reputed owners registered their holdings in the *Tâbû*. It was hoped that the bedouin tribes would take advantage of the security of title a *qûshân* would have given them against the eventual liability, in ten years, to the payment of *Werko*. Viewed from another angle this measure might have had the effect of settling down the nomadic tribes of the district to normal agricultural life. But very few took advantage of this offer. On the one hand the bedouin prefers his nomadic life, and on the other he considers his vague title to the land fairly secure. In the circumstances, the prospect of eventual liability to taxation was not much of an inducement.

1. See page 516.

issued licences, controlled production and collected the duty. It was also charged on behalf of the Council with the sale of revenue stamps and with the issue of fishing, game and gun licences. Tobacco was originally a Government monopoly the revenue from which was also ceded to the Debt Council. Subsequently, however, the monopoly was made over to a French Company for 30 years on the understanding that the Council of the Debt would receive a certain percentage of the profits of the Company. Thus while the country was heavily taxed, a small portion of the tax revenue accrued to the State. Such were, in rough outline, the fiscal conditions when the country was occupied by the Expeditionary Forces.

By a public notice dated 19th February, 1918, the Military Administrator reinstated all the taxes that had been in force under the Ottoman Government prior to the entry of Turkey into the War. On the 7th May, 1918, a proclamation was issued confirming the Public Notice dated 19th February, 1918, and further prescribed that taxes will be collected with effect from 1st March, 1918. All taxes outstanding in respect of any period prior to the 1st March, 1918, were remitted. This proclamation was to apply to all State taxes; and express provision was made to the effect that the right of the Ottoman Public Debt Administration to collect such outstanding taxes as were due and payable to that Administration in respect of any period prior to 1st March, 1918, would not in any way be prejudiced by the proclamation. The local Agency of the Debt Council continued to function; and by an Order dated 11th June, 1918, the Régie Co-intéressée des Tabacs de l'Empire Ottoman was reinstated until further notice. Thus by the 11th June, 1918, the *statu quo ante* was completely re-established in the Occupied Territory.

Apart from occasional remissions of taxation and the issue of agricultural loans, two important reforms in the fiscal system were carried into effect by the Military Administration. In the first place it curtailed very considerably the powers that had been vested in the local Agency of the Ottoman Public Debt Administration. The collection of tithes, the licensing of firearms, the issue of game licences and the control of excise duties were all taken over by the Military Administration. The activities of the local Agency of the Debt Council were consequently reduced to the administration of the salt monopoly and certain other minor matters of no material effect on the administration of the country. In the second place the system of tithe collection through tax farmers was discontinued. This reform was undertaken early in 1919. Assessment commissions were appointed and charged with the duty of assessing in kind the share of the administration of the village crop. The assessment was notified in the village concerned and was subject to appeal within six days to the

The Tithe at 12½% of the gross yield was indeed a heavy charge since it represented approximately 35% of the net yield which seldom if ever exceeded the minimum required by the *fellah* for his subsistence. Moreover the collection of this tax was entrusted to tax farmers rapacious and exacting where a *fellah* was concerned, in order to make good their partiality to influential owners from whom favours might be expected. The Tithe of several districts was assigned to the service of the Ottoman Public Debt and the local Agency of the Debt Administration was charged with the collection of the assigned tax. In this case also recourse was had to the tax farmer who, subject to the production of adequate security, offered the highest bid at a public auction for the tax of a particular district.

The direct taxes in urban areas were the *Werko* (a house and land tax) and the *Tamattu* (a vocational tax) which was levied on merchants and artisans domiciled in towns of more than 2000 inhabitants. The *Werko* which was originally fixed at 10 per mille of the capital value had been increased by various percentages at different times aggregating 56% to meet budgetary deficits the cost of war preparations, etc., of the Turkish Empire. The assessment was uneven and very much out of date. The Municipality wherever one existed in an urban area, had the right to a share in the yield from this tax which was collected by government agency.

The *Tamattu* was in some cases proportional, based on rough indices of income or on direct measures of income and in others it was fixed. The tax rate varied between 2 and 10 per cent of the annual earnings of the respective groups. The chief defects of the *Tamattu* were, first that it was applied only to some economic classes, second, that it had no progressive features and provided no exemptions.

Indirect taxation was hardly in a better state. Customs duties were collected at 8% with a surtax of 3% on goods of foreign origin which surtax was assigned to the service of the Ottoman Public Debt. The duty was collected by Government and the surtax accounted for to the Debt Administration periodically. The production and sale of salt was a Government monopoly which was also assigned to the Debt Administration. Salt was imported from Egypt and elsewhere and the selling price was so fixed as to yield a profit per ton equivalent to £P 6.660 mils approximately. This tax corresponded to the old French tax known as *la petite gabelle*. The excise duty on wines and liquors was also ceded for the service of the Debt and the local Agency of the Debt Council administered these taxes without State intervention. The local Agency

issued licences, controlled production and collected the duty. It was also charged on behalf of the Council with the sale of revenue stamps and with the issue of fishing, game and gun licences. Tobacco was originally a Government monopoly the revenue from which was also ceded to the Debt Council. Subsequently, however, the monopoly was made over to a French Company for 30 years on the understanding that the Council of the Debt would receive a certain percentage of the profits of the Company. Thus while the country was heavily taxed, a small portion of the tax revenue accrued to the State. Such were, in rough outline, the fiscal conditions when the country was occupied by the Expeditionary Forces.

By a public notice dated 19th February, 1918, the Military Administrator reinstated all the taxes that had been in force under the Ottoman Government prior to the entry of Turkey into the War. On the 7th May, 1918, a proclamation was issued confirming the Public Notice dated 19th February, 1918, and further prescribed that taxes will be collected with effect from 1st March, 1918. - All taxes outstanding in respect of any period prior to the 1st March, 1918, were remitted. This proclamation was to apply to all State taxes; and express provision was made to the effect that the right of the Ottoman Public Debt Administration to collect such outstanding taxes as were due and payable to that Administration in respect of any period prior to 1st March, 1918, would not in any way be prejudiced by the proclamation. The local Agency of the Debt Council continued to function; and by an Order dated 11th June, 1918, the Régie Co-intéressée des Tabacs de l'Empire Ottoman was reinstated until further notice. Thus by the 11th June, 1918, the *statu quo ante* was completely re-established in the Occupied Territory.

Apart from occasional remissions of taxation and the issue of agricultural loans, two important reforms in the fiscal system were carried into effect by the Military Administration. In the first place it curtailed very considerably the powers that had been vested in the local Agency of the Ottoman Public Debt Administration. The collection of tithes, the licensing of firearms, the issue of game licences and the control of excise duties were all taken over by the Military Administration. The activities of the local Agency of the Debt Council were consequently reduced to the administration of the salt monopoly and certain other minor matters of no material effect on the administration of the country. In the second place the system of tithe collection through tax farmers was discontinued. This reform was undertaken early in 1919. Assessment commissions were appointed and charged with the duty of assessing in kind the share of the administration of the village crop. The assessment was notified in the village concerned and was subject to appeal within six days to the

The Tithe at 12½% of the gross yield was indeed a heavy charge since it represented approximately 35% of the net yield which seldom if ever exceeded the minimum required by the *jellah* for his subsistence. Moreover the collection of this tax was entrusted to tax farmers, rapacious and exacting where a *jellah* was concerned, in order to make good their partiality to influential owners from whom favours might be expected. The Tithe of several districts was assigned to the service of the Ottoman Public Debt and the local Agency of the Debt Administration was charged with the collection of the assigned tax. In this case also recourse was had to the tax farmer who, subject to the production of adequate security, offered the highest bid at a public auction for the tax of a particular district.

The direct taxes in urban areas were the *Werko* (a house and land tax) and the *Tamattu* (a vocational tax) which was levied on merchants and artisans domiciled in towns of more than 2000 inhabitants. The *Werko* at which was originally fixed at 10 per mille of the capital value, had been increased by various percentages at different times aggregating 56% to meet budgetary deficits, the cost of war preparations, etc., of the Turkish Empire. The assessment was uneven and very much out of date. The Municipality wherever one existed in an urban area, had the right to a share in the yield from this tax which was collected by government agency.

The *Tamattu* was in some cases proportional, based on rough indices of income or on direct measures of income, and in others it was fixed. The tax rate varied between 2 and 10 per cent of the annual earnings of the respective groups. The chief defects of the *Tamattu* were, first that it was applied only to some economic classes, second, that it had no progressive features and provided no exemptions.

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II. Budget Procedure

Unlike the procedure followed elsewhere in the preparation of the budget, Palestine endeavours to cut its suit according to the cloth. Normally it does not decide on the expenditure necessary and then require the Treasurer to provide the requisite funds by tapping a source of revenue likely to yield the sum required. On the contrary a close estimate of the revenue is first prepared and Heads of Departments are then asked to submit estimates of expenditure for their respective Departments. When the total expenditure desirable has thus been ascertained a special Committee is set up to consider the budget proposals with an eye on the total estimate of revenue.

The order of precedence is somewhat as follows : continuation of necessary services, provision for new services considered necessary, continuation of desirable services, provision for new services deemed desirable. Should the expenditure proposed exceed the revenue estimate, desirable services stand to be eliminated to such an extent as would produce a balanced budget and a margin of safety, allowing for conditions which may vitiate the forecast. In a few cases, however, it was deemed expedient to increase the rate at which certain taxes are levied in order to reach equilibrium. The draft budget is then referred to the Secretary of State for the Colonies where it is subjected to a close scrutiny.

On approval of the budget by the Secretary of State for the Colonies an Appropriation Ordinance is enacted in which is set out in total the authorized expenditure under each head of expenditure separately. This Ordinance constitutes the authority for Government to proceed with expenditure. The Appropriation Ordinance contains no reference to revenue which is collected under the provisions of separate Ordinances.

The financial year begins 1st April and ends 31st March.

III. Public Revenue

The public revenue of Palestine may be classified into five main heads : (1) Direct Taxation, (2) Indirect Taxation, (3) Licences and Fees for Services, (4) Quasi Commercial Enterprises, and (5) Other Receipts. It should be remembered, however, that the division between taxation and licence fees and fees for services rendered is rather arbitrary and does not claim to rest on a scientific basis. Some of the so-called fees for services rendered are more in the nature of a tax than the payment for the service, e.g. registration of land and companies; but the

Military Governor of the District. The Tithe, however, was collected in cash and the redemption price was fixed annually by the Military Administration after ascertaining the current wholesale and retail prices in the towns. The villagers had the right to appeal against the redemption prices fixed by the Military Administration to a special Committee appointed for the purpose. The tax was collected by the Administration through its servants. These measures completely eliminated the tax farmer.

On the 1st July, 1920, a Civil Administration was set up under the Foreign Office and took over the government of the country from the Military Administration. Before long, however, the control over Palestine was transferred to the Colonial Office under which the country continues to be administered.

The direct administration is, however, entrusted to the High Commissioner assisted by an Executive Council composed of Administrators of the Colonial Service, the Chief Secretary, the Attorney General and the Treasurer who also discharges the duties of Financial and Economic Adviser. In the matter of legislation the initiative rests with this body. The legislation proposed is submitted to an Advisory Council composed of Heads of Departments all of whom are members of the Colonial Service and after consideration by Advisory Council the proposed legislation is submitted to the Secretary of State for the Colonies. If approval is granted the legislation is published as a Bill for a period of one month and thereafter it is enacted by an Order by the High Commissioner. His Majesty the King has the power to veto any local legislation. It is clear from these succinct remarks that the modifications in the fiscal system undertaken by the Government of Palestine have been inspired to some extent from colonial legislation.

During the Civil Administration several changes and reforms were made in the fiscal system, such as reducing or eliminating one or more taxes, initiating some modifications in the methods of assessment and collection or substituting new taxes for old ones. Among the Ottoman taxes and contributions discontinued were the *Tamattu'*, the *Badal 'Askariyah*, the *Badal Sukhrah*, and the fishing tax. As will be shown later, the urban house and land *Werk* taxes were replaced by the Urban Property Tax, (a tax based upon the net annual value of house property and land), the Tithe was first reduced to 10 per cent, later commuted to a fixed annual payment, and in 1935 was replaced together with the rural *Werk* by a tax on the net annual yield, the Tobacco Monopoly was replaced by an excise tax on tobacco, and a more rational system of customs and excise duties was established.

TABLE I (cont.)

Actual Receipts Classified into Five Heads, 1933-34 to 1937-38

(In Palestinian pounds)

Item	Amount				
	1933—34	1934—35	1935—36	1936—37	1937—38
Brought forward	3,278,705	4,551,665	4,713,449	3,534,282	3,712,688
IV. <i>Quasi Commercial Enterprises :</i>					
Posts, Telegraphs and Telephones	287,843	355,817	418,896	477,493	508,887
Railway	—	—	—	—	—
	287,843	355,817	418,896	477,493	508,887
V. <i>Other Receipts :</i>					
Receipts from Government property, investments and sales	132,282	209,718	284,646	318,915	386,060
Receipts from Endowments	—	13,333	12,782	12,986	13,279
Receipts from profits on investment by Currency Board	90,000	110,000	115,000	100,869 ^c	80,000
Fines and Forfeitures	34,897	55,819	66,546	48,462	43,496
	257,179	388,870	478,974	481,232	522,835
Grand totals	3,823,727	5,296,352	5,611,319	4,494,764	4,744,410
Grant-in-Aid, Trans-Jordan Frontier Force and contribution by Colonial Development Fund	161,766	156,281	159,138	146,057	152,946
Total receipts	3,985,493	5,452,633	5,770,457	4,640,821	4,897,356

a. Includes Fees for Registration of Companies and Partnerships.

b. This is not treated as Government Enterprise in Palestine.

c. Includes £P. 869 received as profits on sales of stocks effected during the year.

TABLE I

Actual Receipts Classified into Five Heads, 1933-34 to 1937-38²
(In Palestinian pounds)

Item	Amount				
	1933-34	1934-35	1935-36	1936-37	1937-38
I. Direct Taxation					
Rural Property Tax	—	—	100,530	84,747	128,980
Animal Tax	27,239	16,460	39,376	19,283	22,033
Urban Property Tax	191,161	225,580	241,041	194,849	258,828
House and Land Tax (arrears)	108,923	126,710	37,267	8,719	7,161
Tithes (Beersheba District and arrears)	57,720	108,920	25,548	5,550	7,216
	385,043	477,670	443,762	313,148	424,218
II. Indirect Taxation					
Customs Duties	1,868,598	2,600,370	2,751,246	2,019,479	1,999,697
Excise Duty on Matches	17,740	23,817	30,933	28,136	28,552
Excise Duty on Salt	12,950	14,450	16,400	13,250	14,655
Excise Duty on Tobacco (including licence fees)	237,812	274,055	257,694	223,585	237,551
Excise Duty on Wine and Spirits (including licence fees)	50,057	58,139	67,723	79,109	72,338
Stamp Duties	70,160	105,254	124,477	88,939	98,347
	2,257,317	3,076,085	3,248,473	2,452,498	2,451,140
III. Licences and Fees for Services					
Fees from licences to practise certain professions	10,949	12,891	12,438	11,638	14,423
Fees from licences for purposes of control	9,692	13,389	16,560	12,638	13,700
Fees from licences for Road Transport	27,270	39,146	45,894	34,043	34,752
Fees and licences in connection with trade, industry and animal husbandry	102,610	175,848	145,208 ^a	167,481 ^a	181,522 ^a
Fees in connection with social services (Health and Education)	12,473	15,405	37,309	37,027	36,430
Harbour and Port ^b Dues	56,489	90,701	107,597	110,206	129,120
Court Fees	86,686	114,890	141,881	114,637	144,159
Land Registration and Survey fees	244,816	414,747	406,760	201,549	201,923
Passport fees and Registration of Immigrants (include also Registration of Citizenship and Naturalization)	37,493	62,588	67,668	43,320	35,428
	47,867	58,305	39,899	36,097	45,873
Reimbursements	636,345	997,910	1,021,214	768,636	837,330
Carried forward	3,278,705	4,551,665	4,713,449	3,534,282	3,712,688

TABLE II
Relative Importance of Revenues Under the Various Heads
(Actual collections)

Head	1933—34		1934—35		1935—36		1936—37		1937—38	
	Amount in £P.	% of total receipts	Amount in £P.	% of total receipts	Amount in £P.	% of total receipts	Amount in £P.	% of total receipts	Amount in £P.	% of total receipts
Direct taxation	385,043	10.0	477,670	9.0	443,762	7.9	313,148	7.0	424,218	8.9
Indirect taxation	2,257,317	59.1	3,076,085	58.1	3,248,473	57.9	2,452,498	54.6	2,451,140	51.7
Licences and fees										
for services	636,345	16.7	997,910	18.8	1,021,214	18.3	768,636	17.0	837,330	17.7
Quasi commercial										
enterprises	287,843	7.5	355,817	6.7	418,896	7.4	477,493	10.6	508,887	10.7
Other receipts	257,179	6.7	388,870	7.4	478,974	8.5	481,232	10.7	522,835	11.0
Total	3,823,727	100.0	5,296,352	100.0	5,611,319	100.0	4,494,764	100.0	4,744,410	100.0

classification adopted is sanctioned by precedent and is not inconvenient for the present purpose

Table I summarizes actual receipts for five financial years classified into the foregoing five heads³

Actual collections of revenue and other receipts in 1937-38 amounted to £P 4 883,356 but this total includes a grant in aid in respect of the Trans-Jordan Frontier Force contributed by His Majesty's Government towards the maintenance of the Force. The grant in 1937-38 of £P 140 532 is intended to cover what would have otherwise been the share of the Trans-Jordan Government in the expenditure on the Force. In dealing with local tax revenue this contribution stands to be deducted from total receipts. Similarly a contribution of £P 12,413 by the Colonial Development Fund should be deducted from total receipts since this sum constitutes no burden on the people of Palestine and may be regarded as a means for the promotion of the export trade of the United Kingdom. Taking these two sums into account, total collections will be reduced to £P 4 744,410 which figure will be used throughout the ensuing developments.

The receipts from Posts, Telegraphs and Telephones represent the gross income of the Department, and the expenditure on this service is shown in the Abstract of Expenditure. The only other service which is conducted on a commercial basis is that of the Palestine Railway but in this case the balance of the year's account is shown either as an item of revenue or an item of expenditure as the case may be. During 1933-34 to 1937-38 the balance is shown as an item of expenditure but it should not be concluded that the Railway is running at a loss. The reasons for this are that the Railway is required to provide annually an adequate contribution towards the creation of a Renewals Fund, to contribute towards the establishment of a Sinking Fund for the redemption of that portion of the Palestine loan which was expended on the purchase and on capital improvement of the Railway, and to meet its share of the annual charges for the service of the debt.

The relative importance of collections under the several heads is indicated in Table II.

³ Appendix V, A shows the arrangement of revenue heads adopted in the preparation of the budget and the actual revenue under the several heads in each of the last five years.

TABLE III
Fiscal Importance of Direct Taxes⁴
(Actual collections)

Tax	1933—34		1934—35		1935—36		1936—37		1937—38	
	Amount in £P.	% of total receipts	Amount in £P.	% of total receipts	Amount in £P.	% of total receipts	Amount in £P.	% of total receipts	Amount in £P.	% of total receipts
Rural Property Tax	—	—	—	—	100,530	1.8	84,747	1.9	128,980	2.7
Tithes	57,720	1.5	108,920	2.1	—	—	—	—	—	—
House and Land Tax	108,923	2.8	126,710	2.4	—	—	—	—	—	—
Animal Tax	27,239	0.7	16,460	0.3	39,376	0.7	19,283	0.4	22,033	0.5
Urban Property Tax	191,161	5.0	225,580	4.2	241,041	4.3	194,849	4.3	258,828	5.4
Total	385,043	10.0	477,670	9.0	380,947	6.8	298,879	6.6	409,941	8.6

4. Compiled from Reports by the Treasurer, 1933-34 to 1937-38.

IV Direct Taxation

Direct taxes in Palestine are three in number, namely the Rural Property Tax, the Animal Tax, and the Urban Property Tax. Their importance in the fiscal system of the country is relatively small. As compared with total receipts in 1937-38, the revenue derived from direct taxation represents 8.6%, the relative figures being £P 4,744,410 and £P 409,941. Taken severally, the receipts from each of these taxes and their relation to total receipts expressed as a percentage are as shown in Table III.

A RURAL PROPERTY TAX.

In treating this tax, it is pertinent to give a brief outline of the taxes it replaced in the development of the fiscal system of the country. These were the Tithe and the *Wcrko* or Land Tax in rural area.

The Tithe, at the inception of the Civil Administration, was assessed by assessment commissions and collected in cash according to redemption prices fixed administratively. In the early years of the Administration agricultural produce commanded high prices and the agricultural population found no difficulty in the payment of the tax. In 1925, however, it was established that the Tithe which was collected at the rate of 12½% of the gross yield amounted to approximately 35% of the net return from the soil. This was considered an unjustifiably high tax on the rural population and the tax was restored to 10% by the abolition of the additions of 2½% which had been imposed by the Ottoman Government for military preparation, budget deficits, education and for raising a capital for the Ottoman Agricultural Bank.

Under such a system, requiring annual assessments, delays, consequent upon inspections, appeals and the fixing of redemption prices of the various crops, were inevitable. It was realised that often enough these delays were so long that crops from neighbouring countries were placed on the market before the local crop, and that for this reason the local grower was unable to reap the benefit of the high prices which prevail immediately before the bulk of the harvest is placed on the market. In 1927, therefore, the Tithe was commuted to a fixed annual payment.⁵

The Commuted Tithe was based on the average aggregate amount of the Tithe assessed as payable by a village on ground crop during a

⁵ Commutation of Tithes Ordinance, 1927.

sented therefore the maximum payable in a good year rather than the mean. The tendency in such circumstances for the payment of the average over a number of years to equate in the aggregate the payment of actual Tithe over the same number of years was not likely to be realised. The Commuted Tithe fell more heavily on the farmer in lean years when he was least able to pay, while in a year of plenty he paid not less than he would have been required to pay had the Tithe been actually assessed in that year. Both economically and ethically the Commuted Tithe was unsound, but its incidence was corrected by extensive remissions granted from year to year; and it has served as a stepping stone for the application of a land tax even before completion of cadastral survey which is at present in progress.

The *Werko* in rural areas was also replaced by the Rural Property Tax, while in urban areas it was replaced by the Urban Property Tax. The following paragraph will deal with the *Werko* generally, and no discussion will be made thereof under the Urban Property Tax.

The *Werko* (House and Land Tax) was payable under the provisions of the Ottoman Law dated 5th August, 1886 and various Ottoman instructions, at the rate of 4 per mille of the capital value of *Miri* Land and 10 per mille of the capital value of *Mulk* Land. These rates were increased by the Ottoman Government from time to time to provide for specific services or to cover budgetary deficits. Thus the *Werko* on *Miri* Land was increased by 56%, that on *Mulk* Land by 61%, while the tax on buildings was raised by 41% which latter included a *Villayet* Tax of 5%. The actual rates, therefore, were per mille 6.24 on the capital value of *Miri* Land, 16.1 on *Mulk* Land, and 14.1 on house property. If it be granted that the net return from property is on an average 5%, the rates of the *Werko* in the terms of a tax on net annual value would amount to 12.5% in respect of *Miri* Land, 32.2% on *Mulk* Land and 28.2% on house property. The reason for the comparatively low tax on *Miri* Land is explained by the fact that such land is the "object" of the Tithe which amounted to approximately 35% of the net yield. In effect, therefore, 47½% of the net produce of the soil was due to the State by way of taxation.

These apparently excessive rates were not as onerous as they seem. Assessments of the capital value of property were notoriously underestimated and the areas recorded for taxation purposes were seldom if ever more than a small fraction of the correct areas. Cases have come to light where the boundaries recited in title deeds comprised areas

period of four, and in a few cases three, years immediately prior to the application of the Commuted Tithe. The apportionment of the amount among reputed owners was carried out by the assessor according to the potential productivity of their respective holdings in terms of wheat if the land was *Majruz* or in proportion to their respective shares if the land was held in undivided ownership. In tribal areas the tribal custom was followed in apportionment. In the case of fruit trees the average amount of the Tithe payable by the Assessment Committee among reputed owners in previous years was the actual average amount of tithe payable by each during the four years preceding commutation in respect of the produce in his reputed ownership.

In the Ordinance under which the Tithe was commuted, it was taken by the High Commissioner to authorise the postponement of the Commuted Tithe in whole or in part for any year in which he may think fit and to remit the Commuted Tithe in whole or in part in the event of total or partial failure of the crop, or for the year in which formerly under ground crop had been planted with fruit trees, or for other reason which may seem to him to be just and reasonable.

The commutation of the Tithe was first received with favour by the cultivators as it enabled them to dispose of their crops at market prices that had up till then been occasioned by assessment. However, in years of poor harvests and a fall in local prices closely following the innovation introduced and it became apparent that the Commuted Tithe was even more irksome than the Tithe system with its fluctuations and abuses.

In the year 1930 the Commuted Tithe was reduced to meet the unusually low prices and the inability to pay the full amount. This measure of relief proved inadequate in the succeeding years and in 1931 recourse was had to annual extensive remissions of the tax.

The commutation of the Tithe rested on no scientific basis. The amount of the tax ceased to bear a known relation to either the gross or net return from the soil. Errors in estimation in the four years preceding commutation continued to produce effect after commutation, and the commuted amount of the tax based on price ruling in the four years preceding commutation ceased to bear any relation to the price which the farmer was likely to obtain for his produce. Moreover, the four years preceding commutation produced crops above the average yield and high market prices of agricultural produce prevailing during that period were high. The amount of the tax as determined by the average taken repr-

were charged with the duty of preparing tax rolls and valuation lists in respect of the several villages in the country. The tax rolls of a village indicate the number and area of the blocks into which the total village area is divided by the official valuer. The number of blocks into which an area is divided depends on the number of categories of the land as determined by its estimated productivity. The valuation lists refer to industrial buildings only; and official valuers are charged with the duty of assessing the net annual value of these buildings. This net annual value is deemed to be the rent if it is a leased building or the benefit from its use, assessed in terms of money exclusive of the machinery therein contained, if it is used by the owner. In either case one-third of the value so assessed is deducted as an allowance for maintenance and repairs and the balance is taken for the purpose of taxation. Tax rolls and valuation lists are thereafter posted at the office of the District Officer of the area in which the village is situated and copies thereof are posted in a conspicuous place in the village itself.

Objections to tax rolls and valuation lists may be made by interested parties to the official valuer during the 14 days immediately following the posting. Any person who is aggrieved by the decision of the official valuer on the objections referred to him may appeal within 14 days to a special appeal committee appointed by the Commissioner for the District. The decision of the appeal committee is final, but the aggrieved party may require the committee to state a case on any point of law and thereafter the matter is judged by the District Court. Every application for permission to appeal must be accompanied by a deposit which is forfeited if the application is found to be frivolous or vexatious. The provision for reference to the District Court on a point of law is due to the fact that the members of appeal committees are selected from villagers with local knowledge and of good repute; but it was thought that in some cases they may not possess an adequate knowledge of the law. In practice, however, there have so far been no instances of appeal committees being required to state a case for decision by the courts.

The total amount of the tax due by a village is then ascertained by multiplying the number of dunums in each block by the rate of the tax per dunum in respect of the category of land comprised in the block.

The rates are prescribed in a schedule to the Ordinance. There are 16 categories of land, but the three last categories represent poor lands of very low productivity and are therefore exempted. Table IV shows the categories of land and the rate of the tax in respect of each category.

Once the total tax due by a village has been ascertained, a distribution

seventy and eighty times the area actually declared. It may be accepted, therefore, that while the surtaxes were intended to provide the State with much needed funds, they in some measure corrected the general gross underestimate of capital values on which the tax was based.

As early as 1922, however, the surtaxes were abolished in respect of lands and later of house properties which in consequence of sales, new registration or correction of land registration, were recorded at their true value at the time the transaction took place. This measure of relief added to the inequalities which already existed among tax payers and was in this respect somewhat odious, although its equity *per se* is not in question.

Several attempts were made to replace the taxes on the land by one land tax. In 1928 the question was taken up in regard to urban areas and resulted in the enactment of the Urban Property Tax Ordinance, and in 1930 the question of rural taxation was also considered in connection with a report submitted to Government on the economic condition of the *jellah*. In 1932 a special Committee was set up to investigate the possibility of imposing a Land Tax in rural areas, but the report submitted was inconclusive, and Government was not able to take action on the recommendations made. The data gathered by this Committee were, therefore, referred to another Committee which was charged with the task of evolving a scheme for the imposition of a land tax in rural areas in substitution for the Tithe and *Hekko*. This Committee concluded its labours early in 1934 and the Rural Property Tax following the general lines of the Urban Property Tax was enacted in January, 1935 and was applied with effect from the 1st April, 1935.

The principle underlying the Rural Property Tax is that the tax should bear some relation to the net annual income derived from the use of land or to the benefit accruing to the owners from the use of houses in village areas. In the case of industrial buildings in rural areas the tax is assessed on the net annual value of the buildings, and in the case of cultivated land an attempt was made to divide the land into categories according to the estimated productivity of the soil and to fix a tax per dunum in relation to the estimated net annual yield.

The Rural Property Tax Ordinance No. 1 of 1935³ sets out the procedure to be followed in assessing the productivity of the soil. Official valuers who are given power under the Ordinance to administer oaths

³ W. J. Johnson and R. E. H. Croft. *Report on the Economic Condition of Agriculture and Fiscal Measures of Government in Relation thereto*.

⁴ *The Palestine Gazette* No. 450 Dec. 13, 1934 pp. 1215-1236.

committee is set up in the village in order to determine the amount payable by each owner. The holding of each villager in the various blocks is first determined; and by multiplying the number of dunums in his possession in the several blocks by the appropriate rates, the total amount due by him is ascertained. The correctness of this method depends of course on the accuracy of the estimate of the owner's holding in each block; and since cadastral survey is not completed and the old title deeds are far from accurate, errors in practice cannot be avoided. But since this apportionment is made by distribution committees, the members of which are chosen among the villagers, adjustments are usually made by adding to the amount payable by each tax-payer a proportion thereof equal to the ratio, the difference between the total amount distributed and the total tax assessed bears to the total amount distributed. These adjustments *se passent en famille* and seldom give rise to any trouble. Distribution lists are open to inspection. Objections may be lodged with distribution committees and appeal from their decision lies with the District Commissioner whose decision on matters of fact is final.

The Ordinance also provides for annual supplementary assessments in order to record changes in category of land in the course of development. These lands, however, are not taxable at the higher rate until they commence yielding in the higher category. But the periods during which such lands remain taxable at the lower rate are statutorily fixed. Six years are allowed in respect of land planted with citrus, two years for land planted with bananas and ten years for land planted with fruit trees other than citrus and bananas.

The High Commissioner, with the approval of the Secretary of State for the Colonies, may reduce the rates of the tax either generally or in any area or part of an area if the High Commissioner in Council is satisfied that it is proper so to do having regard to an emergency affecting the country as a whole or a part of the country which is due to unavoidable natural causes or to a fall in the price of agricultural produce. In like manner and like circumstances the High Commissioner has power to postpone the payment of the tax; and he may remit the tax altogether if the crop is totally destroyed.

The tax is due by the owner, or the reputed owner when the ownership is not officially registered, or the occupant of State land by virtue of a lease expressed or implied. The tax may be demanded from the agent of the owner or from a co-owner but these have recourse for the recovery of the sums paid against the principal or co-owners as the case may be,

TABLE IV
Categories of Land and Tax Rate in Respect of Each Category⁹

Category	Description	Rate of Tax per dunum
		Mils
1	Citrus (excluding Acre Sub-District)	825 ^a
2	Citrus (Acre Sub-District)	410 ^a
3	Bananas	560
4	Village built-on area or reserved therefor	160
5	1st Grade Irrigated Land and 1st Grade Fruit Plantations	40
6	2nd Grade Irrigated Land and 2nd Grade Fruit Plantations	35
7	3rd Grade Irrigated Land and 3rd Grade Fruit Plantations	30
8	1st Grade Ground Crop Land 4th Grade Irrigated Land and 4th Grade Fruit Plantations	25
9	2nd Grade Ground Crop Land 5th Grade Irrigated Land and 5th Grade Fruit Plantations	20
10	3rd Grade Ground Crop Land 6th Grade Irrigated Land and 6th Grade Fruit Plantations	18
11	4th Grade Ground Crop Land 7th Grade Irrigated Land and 7th Grade Fruit Plantations	15
12	5th Grade Ground Crop Land 8th Grade Irrigated Land and 8th Grade Fruit Plantations	12
13	6th Grade Ground Crop Land 9th Grade Irrigated Land and 9th Grade Fruit Plantations	8
14	7th Grade Ground Crop Land and 10th Grade Irrigated Land	Nil
15	8th Grade Ground Crop Land	Nil
16	Forests planted and indigenous and uncultivable land	Nil

^a The rate has since been reduced considerably (see *infra*, p. 525). It should be remarked that citrus plantations in the Sub-District of Acre are not as productive as those in other parts of the country.

^b Other than citrus and bananas.

⁹ *The Palestine Gazette*, No. 480, *loc. cit.*

committee is set up in the village in order to determine the amount payable by each owner. The holding of each villager in the various blocks is first determined; and by multiplying the number of dunums in his possession in the several blocks by the appropriate rates, the total amount due by him is ascertained. The correctness of this method depends of course on the accuracy of the estimate of the owner's holding in each block; and since cadastral survey is not completed and the old title deeds are far from accurate, errors in practice cannot be avoided. But since this apportionment is made by distribution committees, the members of which are chosen among the villagers, adjustments are usually made by adding to the amount payable by each tax-payer a proportion thereof equal to the ratio, the difference between the total amount distributed and the total tax assessed bears to the total amount distributed. These adjustments *se passent en famille* and seldom give rise to any trouble. Distribution lists are open to inspection. Objections may be lodged with distribution committees and appeal from their decision lies with the District Commissioner whose decision on matters of fact is final.

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The tax is due by the owner, or the reputed owner when the ownership is not officially registered, or the occupant of State land by virtue of a lease expressed or implied. The tax may be demanded from the agent of the owner or from a co-owner but these have recourse for the recovery of the sums paid against the principal or co-owners as the case may be,

was redeemed and replaced by the Palestine currency which is based on the *Sterling*. The ratio of the *Sterling* to Egyptian pound is that of 9, 5 to 100 but the Animal Tax which was expressed in Egyptian currency was not converted into Palestine currency. It was collected as though it had been expressed in Palestine currency. This measure meant a reduction of $2\frac{1}{2}\%$ in the rate of the tax. These rates, which remained in force until the end of 1936-37, were as follows —

	Mils per head
Sheep and Goats	48
Camels and Buffaloes	120
Pigs	90

During 1937-38 as a measure of relief, the tax was reduced from 48 mils to 20 mils per head for sheep and goats and 120 mils to 50 mils per head for camels in the Southern District only ^{12a}

Lambs and kids under one year, camels under two years and camels and buffaloes used solely for ploughing are exempted from the tax.

The annual assessment of the tax is a simple process of enumeration. Towards the end of February animal enumerators tour the country and prepare enumeration lists in respect of the several villages or tribal areas. In March the enumeration is verified by Inspectors and collection very often is effected immediately. This procedure accounts for the fact that there are seldom any arrears outstanding from year to year, but collections are rarely completed before the end of the financial year, namely 31st March. The collections in a given financial year, therefore, represent the balance of the assessment of the previous year and a large portion of the assessment of the year current.

Under the provisions of the *Bon Voisinage* Agreements between the Governments of Syria and the Grand Lebanon and the Government of Palestine in the case of land comprising a single property intersected by the frontier line the animals on the property are to be enumerated and the tax collected and retained by the Government of the territory in which the principal farm buildings of the property are situated. In the case of flocks belonging to the inhabitants of villages in the Hermon region, who have by ancient custom the right to graze their flocks in Palestine, the tax is to be collected by Palestine and apportioned as to one-third to

^{12a}. This was in view of heavy mortality of sheep and goats throughout Palestine and considerable decrease in number of camels enumerated in the south caused by the scarcity of natural pastures, which resulted from hot easterly winds in the latter part of the spring of 1936 and the lack of stubble grazing. *Report by the Treasurer 1937-38* pp 9 and 85.

Palestine and two-thirds to Syria and the Grand Lebanon. The share due to Syria and the Grand Lebanon is remitted by Palestine after deduction of 6% for the cost of collection.

C. URBAN PROPERTY TAX.

The Urban Property Tax has replaced the *Werko*, the *Musaqqafât* Tax (roofed property tax), and the Corporation Tax. The *Werko* has been discussed in a previous paragraph; and a brief summary is here given of the other taxes replaced by the Urban Property Tax.

The *Musaqqafât* Tax was imposed by the Ottoman Government in place of the *Werko* on buildings by virtue of the Law dated 14th June, 1326 (1910); and was based on the gross income from built property. This tax, however, was not in force in Palestine prior to occupation; but for some reason of which no record is available, the tax was brought into force in the Municipal areas of Haifa, Acre and Shafâ 'Amr under authority of two Circulars issued by the Revenue Department on 28th April, 1920, and on 29th December, 1921. The rate at first imposed was 8 1/3% of the gross return; and the receipts from the tax were shared by the Government and the Municipality concerned in the proportion of 3 1/3 to 5. The share attributable to the Municipality was in the nature of a house rate collected from the owner instead of the occupier, but it had no counterpart in other Municipal areas until the year 1925, when the Municipal Rates Ordinance was enacted.¹³ This Ordinance empowered Municipalities to levy house rates, and at the same time the rate at which the *Musaqqafât* Tax was collected was raised to 11% and the whole of the increase, namely 2 2/3% was attributed to the Municipality concerned making a total of 7 2/3% while the share of Government was maintained at 3 1/3%. The tax was collected by Government from owners and the Municipality received its share in collections less a charge for collection of 6%. Thus while the owners of buildings throughout Palestine were liable to the *Werko* and tenants in Municipal areas to the house rate, owners of buildings in Haifa, Acre and Shafâ 'Amr were liable to the *Musaqqafât* Tax, and tenants were immune from the payment of house rates. This disparity in treatment was indefensible and reform was imperative.

The Corporation Tax was imposed by the Ottoman Law dated 16th February, 1328 (1913), and was reinstated in Palestine by Public Notice dated 7th January, 1923.¹⁴ Under the provisions of this Law all cor-

13. *The Palestine Gazette* No. 141, June 15, 1925, p. 264.

14. *Ibid.*, No. 84, February 1, 1923, p. 42.

porate bodies, whether religious or co-operative societies, registered as owners of immovable property are required to pay an annual tax on all properties in their ownership. In the case of *Miri* Land owned by corporate bodies, the tax was collected at the rate of 1 per mille of the assessed capital value of the property, and in the case of *Mulk* Land at the rate of $\frac{1}{2}$ per mille. This imposition on corporate bodies was intended to compensate in small annual payments the registration fees payable on mutations if the land had been in private ownership. The registration fee is at present 3% of the capital value of the property sold, so that the rate of the corporation tax is based on the probability of one transfer in 30 or in 60 years according as to whether the property is *Miri* or *Mulk*. But it should be remarked that if interest on the annual payments were taken into account the redemption of registration fee would be completed in a much shorter period than 30 or 60 years. The payment of this tax has been strenuously resisted by corporate bodies especially by religious and local communities. The tax was finally abolished on 1st April, 1933.

The Urban Property Tax came into force in 1928 and is a tax on the net annual value of house property including the site, of industrial buildings i.e. buildings used for the purpose of industrial undertakings in which mechanically-driven machinery is used, and of land intended for development as sites for buildings. The net annual value of these three categories, namely House Property, Industrial Buildings, and Land, is variously determined by Assessment Committees following generally the procedure outlined under the Rural Property Tax Ordinance. The annual value of a rented house property and industrial buildings is the rent, and where the property is occupied by the owner the rent is determined by an Assessment Committee having regard to the size, number of rooms and to rents payable in respect of similar houses in the neighbourhood. The annual value of land, however, is deemed to be 6% of the capital value of the land as assessed by the Assessment Committee. The net annual value of house property is deemed to be 75% of the gross annual value, if the rent, whether actual or assessed, is £P 40 or less, and 80% of the annual value if the rent exceeds £P 40 per annum 15. In the case of Industrial Buildings, the net annual value is 66 $\frac{2}{3}$ % of the gross annual value, while in the case of Land it is 100% of the annual value assessed. The rate of the tax may not exceed 15% of the net annual value and is prescribed annually by an Order issued by the High

Commissioner under the Ordinance. The rates at present in force are 10% in respect of house property, industrial buildings, and land.

Exemptions from Urban Property Tax are granted in respect of properties which were exempt under the Ottoman Law or by virtue of Treaty or *Firmân*. In addition houses of a low annual value are exempted if they are occupied by the owner; and newly constructed houses or industrial buildings are exempted from the payment of the tax for a period of three years immediately following completion. The former of these additional exemptions is a measure of relief extended to those who can ill-afford to pay taxes on their dwellings and the latter is a help for those who have undergone the capital expense of erecting a building, a help intended to encourage building. By a subsequent amendment of the Ordinance this exemption is also accorded in respect of substantial additions to an existing building.

The Urban Property Tax is a great improvement on the taxes it replaced, more especially on the *Werko* which was assessed on the capital value; but it leaves room for improvement. In the first place, since the tax is based on the net annual value of property it is equitable that untenanted buildings which are not used as dwellings for the owners should be exempted. The tax is in the nature of a tax on income from property, and when no income is derived from the property, it is obvious that no tax should be levied. An attempt has been made to introduce this reform; but owing to administrative difficulties it has not materialised. In the second place, the tax on undeveloped land continues to be based on the capital value although the immediate object of the tax is a presumed net annual value statutorily fixed but which the land does not produce. It may be argued that taxation of such land may act as a deterrent to the holding of land in urban areas for speculation and may induce the owner to develop his holding in the shortest space of time possible; but in the peculiar position of the country it is difficult to justify this imposition. It should be remembered, moreover, that in recent years the price of land has very considerably increased and the tax, wherever a re-assessment has taken place, is burdensome and certainly not free from criticism.

V. Indirect Taxation

Indirect taxation plays an important part in the fiscal system of the country. It accounted for 51.7% of the total collections in 1937-38, and the most important single item is Customs Duty. Table V shows the various indirect taxes and their importance expressed as a percentage of total receipts during 1933-34 to 1937-38.

TABLE V
Fiscal Importance of Indirect Taxes¹⁶

Tax	1933-34		1934-35		1935-36		1936-37		1937-38	
	Amount in £P.	Receipts of total %	Amount in £P.	Receipts of total %	Amount in £P.	Receipts of total %	Amount in £P.	Receipts of total %	Amount in £P.	Receipts of total %
Customs Duties	1,868,598	48.90	2,600,370	49.10	2,751,246	49.03	2,019,479	44.93	1,999,697	42.2
Excise Duty on Matches	17,740	0.47	23,817	0.46	30,933	0.55	28,136	0.63	28,552	0.6
Excise Duty on Salt	12,950	0.34	14,450	0.27	16,400	0.30	13,250	0.29	15,655	0.3
Excise Duty on To- bacco	237,812	6.23	274,055	5.18	257,694	4.60	223,585	4.97	237,551	5.0
Excise Duty on Wines and Spirits	50,057	1.32	58,139	1.10	67,723	1.21	79,109	1.76	72,338	1.5
Stamp Duties	70,160	1.84	105,254	1.99	124,477	2.21	88,939	1.98	98,347	2.1
Total	2,257,317	59.10	3,076,085	58.10	3,248,473	57.90	2,452,498	54.56	2,451,140	51.7

16 Compiled from Reports by the Treasurer, 1933-34 to 1937-38

A. CUSTOMS DUTIES.

In the matter of customs tariff Palestine as a territory under Mandate is not free to lay down its own policy. Article 18 of the Mandate imposes on the Mandatory the obligation of seeing that "there shall be no discrimination in Palestine against goods originating in or destined for any of the said States" (Members of the League of Nations). This provision in the Mandate is virtually a most-favoured-nation clause applicable to all State Members of the League; but subject to this and other limitations imposed by the Mandate the Administration of Palestine may, on the advice of the Mandatory, impose such customs duties as may be deemed necessary to promote the development of the natural resources of the country and to safeguard the interests of the population. Palestine is precluded from concluding any special customs agreement except with States the territory of which in 1914 was wholly included in Asiatic Turkey or Arabia. The limitations imposed by the Mandate have been scrupulously observed; and up to the present time Palestine has a single customs tariff applicable alike to all foreign States with the exception of some of the countries which once formed a part of the Ottoman Empire. Two special Customs Agreements with States formerly included in Asiatic Turkey have been concluded, the one with the Governments of Syria and the Grand Lebanon, and the other with Iraq.¹⁷

Customs duties in Palestine are collected at specific rates as a matter of policy, although in certain cases it has been found impracticable to levy specific duties. Approximately 80% of the duty collected in 1935-36 accrued from specific rates and about 20% from *ad valorem* duties. Specific duties are easier to administer and present the advantage of assuring the stability of revenue. They are also a useful expedient for the protection of local industry against dumping of foreign goods; but on the other hand they bear hardly on the consumer of the cheap imported article who is usually poor and can ill-afford the payment of a duty often out of proportion to the value of the goods he consumes. The rates of customs duty taken on an *ad valorem* basis vary widely; but on an average the duty collected represents approximately 25% to 30% of the total value of dutiable goods imported. On the other hand the exemption granted by Law or by virtue of the Palestine-Syria Agreement are liberal and have materially helped in maintaining the local level of the cost of living within reasonable limits. Table VI shows the values of dutiable and non-dutiable goods imported in 1935 and 1936.¹⁸

17. These agreements are discussed in Chapter VIII.

18. Customs Statistics coincide with the calendar year.

TABLE VI

Values of Dutiable and Non-Dutiable Goods Imported into Palestine
in 1935 and 1936 19

(In Palestinian pounds)

Classification	1935		1936	
	Non-dutiable	Dutiable	Non-dutiable	Dutiable
Food, Drink and Tobacco	1,311,000	2,336 000	1,779 000	2,160 000
Raw Materials and Articles				
Mainly Unmanufactured	688 000	635 000	678,000	294,000
Articles Wholly or Mainly Manu- factured	3 072 000	7,718 000	2 019 000	4,533 000
Miscellaneous Goods	2 058 000	35 000	2 493 000	23 000
	7,129 000	10,724 000	6,969,000	7,009 000

Approximately 17% of the total value of non-dutiable goods during 1935 and 1936 is accounted for by imports duty free from Syria and the Grand Lebanon under the provisions of the Palestine-Syria Customs Agreement. The value of Government and Military stores imports amounts also to about 17% of the total value of non-dutiable goods. The value of goods imported for the use of charitable, educational and religious institutions, including hospitals and consulates, accounts for 1%, and 3% is in respect of imports by Iraq Petroleum Company. The balance, namely 62%, represents exemptions on other imports (mainly frozen meat, livestock, coal, seeds and nuts for extracting oil, pipes, machinery, etc.)

An analysis of the duty collected in 1936 shows that 72% of total collections are accounted for by the duty on a limited number of commodities. The value of benzine, motor cars and accessories including tyres and tubes imported amounted to £P 524 021 on which a duty of £P 575 348 was collected, representing 110% *ad valorem*. Under Class I, Food, Drink and Tobacco, the bulk of the duty was collected on sugar, wheat flour, tobacco and cigarettes, fresh butter, fish (of all sorts), fresh fruits, rice and coffee beans. The total value of the imports of these commodities amounted to £P 1,509,338 on which the duty collected amounted to £P 480 674 or 32% *ad valorem*. Kerosene accounted for £P 104,325 of the total duty collected, building material (cement, wood for building,

and iron bars and girdles) for £P. 93,282 and wearing apparel including cotton piece goods, woollen and silk tissues for £P. 198,162. Table VII shows the importance of the duties on these commodities in relation to the total duty collected under the Customs Tariff.

TABLE VII

The Chief Dutiable Commodities Imported and the Burden of their Duties in 1936 ²⁰

Commodity	Value in £P.	Duty		% of total customs duties collected
		Amount in £P.	%	
a. Motor transport industry	524,021	575,348	109.8	28.6
b. Sugar, wheat flour, tobacco leaves and cigarettes, butter, fish (all sorts) fresh fruits, rice and coffee	1,509,338	480,674	31.8	23.9
c. Kerosene	189,230	104,325	55.1	5.2
d. Wearing apparel including cotton piece goods, woollen and silk tissues	1,047,598	198,162	18.9	9.8
e. Building material	625,604	93,282	14.9	4.6
Total	3,895,791	1,451,791	37.3	72.1

B. . EXCISE DUTIES.

1. Excise Duty on Matches. A match factory was set up and commenced production of safety matches for the supply of the local market. The revenue derived from customs duty on imported matches was, therefore, lost to Government. This coincided with a general shortage in revenue and led to the enactment of the Matches Excise Ordinance, 1927. For a start the duty imposed amounted to a charge of 50 mils on 10,000 matches, but in 1930 this duty was increased to 125 mils. The Ordinance is simple and its administration is not costly. An Excise Officer controls the stocks of manufactured matches and the duty is collected on consignments sold for home consumption. Consignments sold for export are transported direct from the factory to the Customs House where export formalities are completed; but no excise duty is collected on exportation. The total revenue collected in 1937-38 amounted to £P. 28,552 (see Table I) which represents approximately a charge of 21 mils per annum per head of the population. As a corollary,

20. Taken from *Palestine Blue Book*, 1936, p. 175.

a protective import duty is imposed on matches of foreign origin imported into the country. This duty has proved effective and the country's main requirements are supplied by the local factory.

2 **Excise Duty on Salt** Under the Ottoman Régime the production and importation of salt was a Government monopoly, the revenue from which was ceded to the Ottoman Public Debt Administration which was also charged with the administration of the monopoly. After the occupation of the country when the local Agency of the Ottoman Debt Administration ceased to function in Palestine, the supply and sale of salt was undertaken by the Department of Customs, Excise and Trade. Salt was imported from Egypt and Cyprus and the selling price was so fixed as to include £E 6 500 m/ms per ton by way of fiscal dues.

In May 1922 Government granted a licence to a company to extract salt by evaporation of sea water and undertook to purchase its requirements from the company's product for a limited number of years. During this period the Company was not allowed to sell salt locally for consumption and Government continued to include in the selling price of salt the fiscal charge of £E 6 500 m/ms per ton.

In November, 1927 an Order was issued under the Salt Ordinance, 1925 imposing an excise duty on salt at the rate of £P 1 500 mls per ton after which the Government monopoly ceased. At the same time an import duty of £P 3 per ton was imposed on salt of foreign origin imported into the country for home consumption. This measure was adopted to safeguard revenue interests and at the same time it afforded protection for the salt extraction industry. Another firm has been established for the collection of rock salt from an area on the shore of the Dead Sea in the vicinity of Jelal Usdum. At the request of these two firms, and on the understanding that the price of salt will not be raised, Government has increased the import duty on salt from £P 3 to £P 4 per ton. As long as the import duty is intended to keep out foreign salt and the firms supplying the local market do not increase their selling price, the fiscal charge of £P 1 500 mls per ton cannot be regarded as burdensome. The total duty collected in 1937-38 amounted to £P 14,625 (see Table I) which is barely 11 mls per head of the population.

3 **Excise Duty on Tobacco** Under the Ottoman Régime the manufacture of tobacco was a Government monopoly the administration of which was ceded to a company. The cultivation of tobacco was prohibited except under licence from the company. By a Declaration of the High Commissioner dated 4th January, 1921, the cultivation of tobacco was permitted throughout the country. It was considered that the formality of passing legislation might take such time as would render

impossible the plantation of tobacco in the year 1921. This Declaration was validated shortly by an Ordinance dated 15th April, which suspended in Palestine the operation of the right and privileges of the Régie Co-interessée des Tabacs de l'Empire Ottoman as set out in the Convention dated 4th August, 1913, the provisional law and the regulations thereunder dated 15th April, 1914. The taxes on imported tobacco, cigarettes, cigars and snuff as well as all licence fees leviable under the Ottoman provisional law and all the powers vested in the "Régie" were abrogated. At the same time a tax was imposed on land planted with tobacco at the rate of £P. 4 or £P. 2 per dunum according to the quality of tobacco planted; the higher tax being in respect of Turkish tobacco. Thus one of the earliest improvements in the fiscal measures effected by the Civil Administration of the country was the elimination of the interference in the development of the agricultural activities of the country by the Régie Co-interessée des Tabacs.

In the four years that followed this measure, while tobacco cultivation was undergoing development, a system of excise duty was evolved and brought into force on the 1st May, 1925. The system, as modified in the light of experience, is calculated to give growers and dealers the largest measure of freedom of action compatible with the safeguard necessary in the interest of revenue, although in certain cases restrictions are imposed for the benefit of the industry.

The tax on land under tobacco cultivation has been abolished; but the cultivation of tobacco may not be undertaken without the issue of a permit. This measure has been useful in limiting the cultivation to areas which, in the opinion of the Director of Agriculture, are fit for the production of a good quality of tobacco. Elaborate measures of control are imposed on the cultivation, transport, importation, manufacture and ultimate sale for consumption. The quantity of locally grown tobacco is controlled at the store of the grower, transport to dealers or factories is subject to transport licences. Sales to dealers and factories are controlled and checked off against the transport licences and are recorded in a special stores ledger statutorily prescribed. Importation by land routes is prohibited except by special permit; and unless consignments imported by sea routes are manifested they are liable to be confiscated.

Factories must be licensed and used exclusively for the manufacture of tobacco. No more than three months' supply may be kept in stock in factory stores; but by special arrangement separate stores may be used for surplus supplies. The Excise Officer exercises control over receipts and issues of tobacco and he carries out periodical checks by stock taking. The excise duty is paid before manufactured

tobacco is removed from the factory unless it is destined for export in which case no duty is payable, but transport must be effected under permit from the factory to a Customs Warehouse. In other cases cut tobacco is packed in containers of prescribed capacity around which a banderole is gummed denoting the net weight of the tobacco therein contained. An adequate number of cigarette papers is enclosed in such containers. The importation of cigarette paper is prohibited except under licence. Cigarettes are also packed in containers and banderoles are used to indicate the weight on which the duty has been paid. Wholesale dealers in manufactured tobacco, tobacconists and hawkers of tobacco products are all licensed.

In practice the wholesale dealer in unmanufactured tobacco has almost completely disappeared and the grower deals directly with the manufacturer who thanks to a heavy import duty on tobacco of foreign origin has taken an interest in ameliorating the quality of the local produce while a healthy competition among manufacturers assures the grower a fair return for his labour.

The Excise Duty on Tobacco was levied at 350 mils per kilogramme until September 1935 when it was reduced to 250 mils per kilogramme. On the 1st October 1937 the duty was raised to 300 mils per kilogramme. Licence fees vary from £P 100 per annum for a tobacco or cigar factory to 500 mils for a hawker. Transport permits are issued free of charge. The total excise duty and licence fees collected in 1937-38 was £P 237,551 (see Table I).

The present rates of consumption of locally manufactured tobacco is about 800 grammes per head of the population and the fiscal charge calculated on the basis of the reduced tax amounts to 200 mils per head.

4. *Excise Duty on Wines and Spirits.* The Excise Duty on Wines and Spirits was imposed by legislation under the Ottoman Government, and a rebate of 50% of the duty was allowed on the exportation of locally produced wines and spirits. The revenue from the Ottoman tax was ceded to the Debt Administration in which was vested the power to control the manufacture of these commodities. On the occupation of the country the Military Administration and later the Civil Government, assumed the control over the manufacture of wines and liquors under the provisions of the Ottoman Law.

In 1927 the Ottoman legislation was replaced by the enactment of the Intoxicating Liquors (manufacture and sale) Ordinance²². Under

²² *Laws of Palestine, 1933, Volume II, Chapter 71, pp 794-808.*

this Ordinance and subsequent amendments the manufacture and sale of intoxicating liquors is permissible under licence. Licences to manufacture wines and spirits are issued to applicants on payment of the prescribed fee which varies between £P. 50 and £P. 100 per annum; but licences to sell intoxicating liquors, especially those relating to premises in which the liquors are consumed, are issued only if the licensing authority is satisfied as to the morality of the applicant and to the necessity or propriety of establishing a bar in the locality proposed by the applicant. The main reform effected by the Ordinance of 1927 was the exemption of exported wines and spirits from the payment of the excise duty—a measure common to all excise enactments.

The rates of excise duty vary according to the degree of alcohol contained in the local manufacture of wines and spirits. Beer not exceeding 15 degrees of alcohol content is dutiable at the rate of 10 mils per litre. Wine of the same strength is liable to a tax of 3 mils per litre while the rate on wines exceeding 15 degrees of alcohol but not exceeding 25 is 8 mils per litre. 'Araq and cognac are liable to a duty of 75 and 90 mils per litre of alcohol respectively, and alcohol distilled from molasses or grain or other spirituous mixtures is subject to the payment of a duty of 100 mils per litre.

The total revenue from excise duty on intoxicating liquors collected in 1937-38 amounted to £P. 72,338 including licence fees. The burden per head of the population is approximately 52 mils; but it must be remembered that the majority of the peasant class do not use intoxicating liquors at all so that in effect the charge per head of the urban population must be nearly double this amount.

C. STAMP DUTY.

Under the Ottoman Régime there were two kinds of stamp duties in force in Palestine: the duties imposed by the Law of 1906 which prescribed stamp duties on a wide variety of documents, and the Hijaz Stamp Duty which was introduced as a surtax on certain documents already subject to stamp duty in order to provide funds for the construction and maintenance of the Hijaz Railway. The revenue from the duties imposed by the Law of 1906 was ceded for the service of the Ottoman Public Debt and continued to be collected by the Government of Palestine together with the Hijaz Stamp Duty until November, 1927, when these duties were replaced by the Stamp Duty Ordinance, 1927.²³

23. *Laws of Palestine*, 1933, Vol. II, Chapter 133, pp. 1328-1372.

This enactment follows closely the principles of the English Stamp Act, and is administered by Commissioners whose decision as to the stamp duty on a document may be contested only in Court. A document stamped in accordance with an adjudication by the Stamp Duty Commissioners as to the stamp duty payable thereon is admissible in evidence before a Court of Law notwithstanding that the Court may deem the document to be insufficiently stamped. The reason for this apparent anomaly is to be found in the fact that the person who presents a document to the Commissioners for adjudication and who has had the document stamped in accordance with the decision of the Commissioners should not be made to suffer from an error by the Commissioners. The Commissioners have wide powers of remission of fines and of staying proceedings for the recovery of duties or fines, and even after judgment they may, if they think fit, compound with a defendant and remit in whole or in part any fine which may have been imposed by the Court.

The revenue from Stamp Duties has been steadily increasing but *this is not due to heavier duties. In fact the duties under the 1927 Ordinance are less productive of revenue than the former duties*, and in the case of stamp duty on receipts, postage stamps may be used. The increase in receipts from Stamp Duties is due to an acceleration in commercial activities and the more extensive use of credit and cheques. The total receipts collected in 1937-38 amounted to £P 98,347 (see Table I) or approximately 150 mils per head of town dwellers who are by far the main contributors to this source of revenue.

The duties payable on the several documents liable to duty are set out in the Schedule to the Ordinance. On reference to the Schedule it will be observed that the Stamp Duty Ordinance²⁴, quite properly, makes no provision for stamping conveyances on sale of immovable property, because under the Transfer of Land Ordinance, 1920, a registration fee equal to 3% of the value of property sold is payable, but this principle has not been followed in the case of leases which are subject to registration in the Land Registry. Leases for a term of three years and over are, therefore, liable to a double duty: a stamp duty on a sliding scale calculated at approximately 2 per mille of the total consideration payable and a registration fee of 5% of the rent of one year if the lease is for a term not exceeding ten years and 10% of such rent if the term of the lease exceeds ten years.

VI. Licences and Fees for Services

As has already been pointed out²⁵ the distinction between some of the fees and taxes is not very sharp. Fees paid for registration of land and for registration of companies are considered greater than the expenses of the services rendered.

The total collections under this division of revenue in 1937-38 amounted to £P. 837,330 or 17.7% of total collection for the year. The importance of the various items which go to make up this division from a fiscal point of view is shown in Table VIII.

1. Road Transport. Fees from licences for road transport amounted in 1937-38 to £P. 34,752. Up to 1934 the licence fees from this source were divided in equal parts between Government and the various Municipalities on the principle that the Municipalities are responsible for the construction and maintenance of roads within municipal areas. The licence fee, however, was burdensome on automobile owners, who in addition are required to pay a high import duty on benzine, equal to 200 mils on a 4-gallon tin, and in the interest of the motor transport industry the licence fee was considerably reduced and reserved entirely for Government purposes. The loss to Municipalities is made up by annual grants from public funds in aid of municipal revenues. The present transport licence and the import duty on benzine more than cover the cost of upkeep of roads.

2. Court Fees. Receipts from Court Fees amounted in 1937-38 to £P. 144,159 or 3.04% of total receipts for the year exclusive of grants.

3. Land Registration and Survey Fees. Receipts from Land Registration and Survey Fees have been derived mainly from the registration of land sales. The fee on sales is fixed at 3% of the value of the land transferred. The service rendered in this case to the purchaser is the issue of a title deed proving his ownership; but the cost he is called upon to pay bears no relation to the cost of the service rendered. The amount of the fee payable depends on the value of the transaction and not on the cost of the service, and it may, therefore, be regarded as a capital tax on mutation. The fee on the registration of leases is 5% of the rent for one year if the lease is for a term not exceeding ten years and 10% of the rent of one year if the term of the lease covers a longer period. The fee for registration of land on succession varies between 1½% to 5% of the value of the land according to the degree of relation-

25. See *Supra*, p. 511.

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24 *The Palestine Gazette*, No 31, 1st November, 1927

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25. See *Supra*, p. 511.

TABLE VIII
Fiscal Importance of Licences and Fees for Services²⁶
(Net 1 collections)

Item	1933-34		1934-35		1935-36		1936-37		1937-38	
	Amount in £P	% of total collections	Amount in £P	% of total collections	Amount in £P	% of total collections	Amount in £P	% of total collections	Amount in £P	% of total collections
Fees from licences to practise certain professions	10 949	0.29	12 891	0.24	12 438	0.22	11 638	0.26	14 423	0.30
Fees from licences for purposes of control	9 692	0.25	13 389	0.25	16 560	0.30	12 638	0.28	13 700	0.29
Fees from licences for Road Transport	27 270	0.72	39 146	0.73	45 894	0.82	34 043	0.76	34 752	0.73
Fees and licences in connection with trade industry and veterinary services ^a	102 610	2.68	175 848	3.32	145 206	2.60	167 481	3.73	181 522	3.83
Fees in connection with health and other social services	12 473	0.34	15 405	0.28	37 309	0.68	37 027	0.83	36 430	0.77
Port and Harbour ^b Dues	56 489	1.48	90 701	1.71	107 597	1.92	110 206	2.45	129 120	2.72
Court Fees	86 686	2.28	114 890	2.16	141 881	2.54	114 637	2.55	144 159	3.04
Land Registration and Survey Fees	244 816	6.41	414 747	7.83	406 760	7.29	201 549	4.48	201 923	4.26
Passport Fees and Registration of Immigrants (includes Registration of Citizenship and Naturalization)	37 493	0.99	62 588	1.18	67 668	1.21	43 320	0.96	35 428	0.75
Reimbursements	47 867	1.26	58 305	1.10	39 899	0.72	36 007	0.80	45 873	0.96
Total	636 345	16.70	997,910	18.80	1 021 214	18.30	768,636	17.10	837 330	17.65

^a Figures for the last three years include Fees for Registration of Companies and Partnerships

^b This is not treated as Government enterprise in Palestine

²⁶ From Reports by the Treasurer 1933-34 to 1937-38

ship between the *de cuius* and the heir; and bequests to legatees who are not heirs are liable to the payment of a fee of 10% of the property bequeathed. The total amount collected in 1935-36 from Land Registration and Survey Fees amounted to £P. 406,760; but land registration alone accounted for £P. 398,875 or approximately 7% of total receipts for the year exclusive of grants. In 1937-38 registration fees dropped to £P. 195,658 or 4.1% of total receipts.

VII. Quasi Commercial Enterprises

1. Posts, Telegraphs and Telephones. The total receipts of the postal service in 1937-38 amounted to £P. 508,887 or about 10.7% of total receipts for the year. The main items of revenue are the Sale of Stamps (£P. 217,973), Telephone Subscriptions and Trunk Line Calls (£P. 212,065), and Telegraphs (£P. 27,372). The Palestine Broadcasting Service is administered under the supervision of the Postmaster General. The service was inaugurated in April, 1936. Receipts from

TABLE IX

Revenue and Expenditures of Posts, Telegraphs and Telephones
(In Palestinian pounds)

Item	1933—34	1934—35	1935—36	1936—37	1937—38
<i>Expenditure (actual):</i>					
A. Personal Emoluments	111,844	132,892	161,165	198,153	218,474
B. Other Charges	55,401	92,156	149,613	153,790	210,653 ^a
	167,245	225,048	310,778	351,943	429,127
<i>Revenue (actual):</i>					
1. Money Order Commission	1,380	1,230	1,373	1,687	1,428
2. Postal Order Poundage	941	1,048	1,274	1,578	1,503
3. Parcel Post	12,133	15,095	15,333	17,117	18,399
4. Rent of Letter Boxes	3,578	4,443	4,914	5,041	4,961
5. Sale of Stamps	132,040	170,993	205,575	219,443	217,973
6. Telegraphs	25,452	25,602	25,413	33,045	27,372
7. Telephones	104,481	126,549	151,219	179,478	212,065
8. Reimbursement for Maintenance of Air Force Line in Sinai	2,961	2,970	3,029	3,198	3,369
9. Broadcast Licence Fees	—	—	7,182	11,554	15,718
10. Miscellaneous	4,877	7,887	3,584	5,352	6,099
Total	287,843	355,817	418,896	477,493	508,887

licence fees in 1937-38 in respect of receiving sets amounted to £P. 15,718. The fee is collected at the rate of 500 mils per set

2 **Railway** As explained previously²⁷ the balance of the Railway account is shown as an item of revenue or expenditure as the case may be. The net operation of the Railway, after taking into account its contributions to the renewals fund and to the sinking fund and debt charges, for the years 1933-34 to 1937-38 is shown in Table X. The large deficit in 1937-38 is due largely to following off of traffic.

TABLE X
Net Operation of Railways²⁸

Year	Amount in £P
1933-34	-59,259
1934-35	-33,805
1935-36	-124,159
1936-37	-69,631
1937-38	-230,123

VIII Other Receipts

Under this heading have been grouped all receipts which do not fall under any of the foregoing classes of revenue. Table XI shows their relative importance in the fiscal system of the country as it results from the accounts for the years 1933-34 to 1937-38.

Returns from Government property include Rent of State Domains and such items as Royalties and Mining Receipts, but the largest single item is Interest on Investment of the surplus balance which accounted in 1937-38 for £P 117,987.

Palestine has been the object of two endowments: the one by Sir Ellis Kadoorie on condition that the legacy be used for the benefit of Palestine, and the other by Rockefeller for the construction and maintenance of a Museum. The former has been utilised for the establishment of two Agricultural Schools: one at Tulkarm for Arabs, and the other near Mount Tabo. for Jews. The latter has been used in accordance

²⁷ See page 514.

²⁸ From *Reports by the Treasurer, 1933-34 to 1937-38*.

TABLE XI
Fiscal Importance of "Other Receipts"²⁹
(Actual collections)

Item	1933—34		1934—35		1935—36		1936—37		1937—38	
	Amount in £P.	% of total receipts	Amount in £P.	% of total receipts	Amount in £P.	% of total receipts	Amount in £P.	% of total receipts	Amount in £P.	% of total receipts
Returns from government property, investments and sales	132,282	3.45	209,718	4.00	284,646	5.07	318,915	7.10	386,060	8.14
Receipts from endowments	—	—	13,333	0.25	12,782	0.22	12,986	0.29	13,279	0.28
Profits from investments by the currency board	90,000	2.34	110,000	2.08	115,000	2.04	100,869	2.24	80,000	1.69
Fines and forfeitures	34,897	0.91	55,819	1.07	66,546	1.17	48,462	1.08	43,496	0.92
	257,179	6.70	388,870	7.40	478,974	8.50	481,232	10.71	522,835	11.03

29. *Ibid.*

with the wishes of the donor, and a Museum has been constructed. A sum of £P 13,279 was received in 1937-38 from the Investment of Endowment Funds

The cover for currency in circulation is invested by the Currency Board a body independent of the Government of Palestine who acts as trustee on behalf of users of Palestine currency. The return from these investments are utilised to defray the cost of manufacture and the expenses of the Board and the balance, after setting aside an appropriate amount for the creation of an adequate reserve, is made available for expenditure by Government. The sum received in 1937-38 amounted to £P 80 000 (see Table I)

IX Grants-in Aid

Grants to Palestine by His Majesty's Government were first made in 1922-23 on the establishment of a British Section of the Palestine Gendarmerie and while that Section of the Gendarmerie was disbanded in 1926, the grants have been continued. The grant at present rests on an understanding with His Majesty's Government reached in 1930 under which His Majesty's Government contributes in respect to the Trans-Jordan Frontier Force three-fourths of the recurrent cost of the Force and the whole cost of capital works required by the Force in Trans-Jordan. The cost of capital works in Palestine as well as one-quarter of the recurrent expenditure on the Force are borne by the local taxpayer. The contribution by His Majesty's Government represents the share of Trans Jordan Government in the cost of the Force. The contribution received for this purpose in 1937-38 amounted to £P 137,749. An additional contribution of £P 2,783 was made during that year for a hydrographic survey of Southern Palestine.

Grants from the Colonial Development Fund are made with a view to developing the export trade of the United Kingdom. The Board administering the Fund undertakes to finance or to help financing certain colonial works if it is satisfied by so doing that it would be helpful to manufacturers in the United Kingdom. The grants received in 1937-38 are in respect of interest charges on sums expended in anticipation of raising loan on various water supply works. The material necessary for these works was purchased in the United Kingdom. The grants received amounted to £P 12,413, but these grants are made for a limited number of years after which it is expected that the schemes executed will be sufficiently remunerative to meet from current receipts the debt charges on the respective loans.

X. Public Expenditure

The arrangement of the heads of Public Expenditure adopted by the Government follows the classification common in the majority of Colonial Governments. The charge for pensions which on analysis represents a debt due by Government to those who have devoted their productive lives to the service of the country ranks first in the classification of expenditure. On the same principle provision to meet debt charges ranks second. As at present constituted the Government functions through the High Commissioner, the Secretariat including the District Administration, the Legal Department and Judiciary, and the Treasury. These Departments, therefore, enjoy precedence over others. Appendix X, B. shows the arrangement of expenditure heads adopted in the preparation of the budget and the actual expenditure under the several heads in each of the last five years.

From the theoretical standpoint, however, since the justification for taxation is primarily the assurance of security and administration of justice, it seems logical that the provision for these services should constitute the first charge on the tax revenue of the country. But for the purpose of this note it is deemed proper to classify expenditure according to the various functions assumed by Government and to treat each separately. Table XII shows the expenditure under each class during 1933-34 to 1937-38, and the proportion expressed as a percentage the expenditure in respect of each service bears to the total expenditure for that year. In comparing the expenditure figures for the various years, however, it should be noted that the expenditure figures for 1937-38 include sums amounting to £P. 1,591,939, previously debited to advances, and unallocated stores suspense accounts.^{29a}

Between 1933-34 and 1936-37 total expenditure increased by £P. 3,368,647 which represents 124.5% of the expenditure of 1933-34. The distribution of this increase in terms of money and as a percentage of the total increase is shown in Table XIII in respect of the services severally.

29a. See *Report by the Treasurer, 1937-38*, pp. 19 and 21-22.

TABLE XII
Relative Importance of Expenditure on the Various
Government Services, 1933-34 to 1937-38³⁰
(Actual expenditure)

Classification	1933-34		1934-53		1935-36		1936-37		1937-38 ^a	
	Amount in £P.	% of total expend.	Amount in £P.	% of total expend.	Amount in £P.	% of total expend.	Amount in £P.	% of total expend.	Amount in £P.	% of total expend.
I. Defence	769,048	28.4	815,996	25.3	843,942	20.0	2,220,876	36.6	1,906,895	26.1
II. Administration and finance	597,662	22.1	748,043	23.2	959,064	22.7	1,258,426	20.7	1,235,545	16.9
III. Legal services	99,985	3.7	101,839	3.1	105,151	2.4	114,893	1.9	128,680	1.8
IV. Social services	323,832	12.0	385,006	11.9	434,059	10.2	471,513	7.8	538,340	7.4
V. Developmental and economic services	914,388	33.8	1,179,126	36.5	1,893,985	44.7	2,007,794	33.0	3,488,228	47.8
Total	2,704,855	100.0	3,230,010	100.0	4,236,201	100.0	6,073,502	100.0	7,297,688 ^b	100.00

a Include expenditure previously debited to advances, and unallocated stores/suspense accounts.

b 1 a/b short of total in Table XVI by £P 33,958, being depreciation of investments considered as expenditure.

30 Compiled from *Reports by the Treasurer, 1933-34 to 1937-38*.

TABLE XIII

Excess Expenditure of 1936-37 over 1933-34 on the
Various Government Services³¹

Service	Increase £P.	% of total increase
I. Defence	1,451,828	43.1
II. Administration and finance	660,824	19.6
III. Legal services	14,908	0.4
V. Social services	147,681	4.4
IV. Developmental and economic services	1,093,406	32.5
Total	3,368,647	100.0

A. DEFENCE.

The expenditure on defence services in 1936-37 is made up of the total expenditure on Police and Prisons (£P. 744,619), a contribution of £P. 1,297,000 to His Majesty's Government towards the upkeep of troops in Palestine and an expenditure of £P. 179,257 on the Trans-Jordan Frontier Force. The Police Force comprises a section of British constables. The contribution to His Majesty's Government in respect of defence represents the excess cost of maintenance of the troops in Palestine over the cost to His Majesty's Government of the troops if they had been stationed in the United Kingdom. Apart from this contribution, the cost of construction of quarters is borne by the the Government of Palestine. These works are provided for under the heading "Trans-Jordan Frontier Force Extraordinary" and as such are included in developmental works. The expenditure on the Trans-Jordan Frontier Force is partly met by contribution from His Majesty's Government representing the portion of the cost which should have been borne by the Trans-Jordan Government.

The contribution received in 1936-37 amounted to £P. 139,686; but in order to ascertain the portion of the cost of the Trans-Jordan Frontier Force borne by Palestine it will be necessary to add to the recurrent expenditure on the Force the amount disbursed on the execution of extraordinary works, namely £P. 9,944 and to deduct the contribution by His Majesty's Government from the total expenditure. It results from this calculation that the Palestine tax-payer contributed £P. 49,515 towards

31. From *Reports by the Treasurer*, 1933-34 and 1936-37.

the cost of the Trans-Jordan Frontier Force and the British tax payer, in lieu of the Trans-Jordan tax payer, contributed £P. 139,686

On the whole and taking into account the contribution of His Majesty's Government towards the cost of defence services, the burden per head of the population in 1936-37 was approximately £P 1 500 muls as against about 600 muls in 1935-36. The large increase in 1936-37 is due to the political disturbances. The burden per head of 600 muls is relatively a very low charge, but it must be remembered that Palestine is not required to organise any more than the forces necessary for the preservation of peace and order and for the defence of the country.³²

B ADMINISTRATION AND FINANCE

The various items of expenditure on administration and finance are listed in Table XIV together with the sums expended during the period 1933-34 to 1936-37.

As compared with the expenditure in 1933-34, the disbursements of 1936-37 on these services have increased by 110.6%. The expenditure on practically every item has increased, but the main increases occur in the expenditure on the District Administration (£P. 59,219), Customs (£P 183,082) and Miscellaneous (£P 312,252). These increases have

TABLE XIV

Expenditure on Administration and Finance, 1933-34 to 1936-37³³
(Actual expenditure)

Item	1933-34 Amount in £P	1934-35 Amount in £P	1935-36 Amount in £P	1936-37 Amount in £P
Pensions	24,193	28,747	34,243	37,040
His Excellency the High Commissioner	9,313	10,693	9,103	10,254
Secretariat	25,433	24,735	39,487	69,463
District Administration	97,712	108,790	154,840	156,931
Treasury	15,746	16,553	17,095	20,495
Customs	94,395	147,620	243,449	277,477
Surveys and Lands	107,329	110,806	115,823	124,878
Immigration and Statistics	21,392	29,436	33,923	41,730
Audit	12,181	12,793	13,628	17,998
Miscellaneous	189,908	257,870	297,473	502,160
Total	597,602	748,043	959,064	1,258,426

³² Article 17 of the Mandate for Palestine

³³ From Report by the Treasurer for respective years.

been necessitated by the rapid development of the country in recent years; and every branch of activity of Government has been accelerated. The heavy increase in the expenditure on Customs is warranted by the provision of modern services in the Haifa Harbour. The expenditure covered by the item Miscellaneous includes *inter alia* grants to Municipalities aggregating £P. 77,907, and payment to the Supreme Moslem Council of £P. 30,000 in lieu of Tithes. The tithe on certain areas had been dedicated by the former rulers for religious and charitable purposes, and under the Ottoman Régime these revenues were administered by the *Awqâf* Ministry. Under the Palestine Government the administration of these revenues was placed in the hands of the Supreme Moslem Council, an elected body legally constituted for the supervision of Moslem affairs including the *Sharia* Courts. As long as the tithe was collected by Government, the Moslem Supreme Council received its share of collections less a charge of 6%. When the question of replacing the tithe by a land tax was considered, it was thought that unless an arrangement intervened between Government and the Moslem Supreme Council the revenues accruing to the *Waqf* would be seriously diminished. An agreement was reached whereby Government undertook to replace the payment of actual *Waqf* tithes by an annual fixed payment based on actual collections over a period of years. The agreement is, however, subject to periodical revision. The burden of the expenditure on Administration and Finance on the population of the country amounted in 1936-37 to approximately 910 mils per head.

C. LEGAL SERVICES.

The expenditure under this classification comprises the expenditure on the Legal Department and the Judiciary including the *Sharia* Courts as well as the stipend of the President and Members of the Moslem Supreme Council. The expenditure on these services in 1936-37 amounted to £P. 114,893 or 1.9% of the total expenditure for the year. It is relevant to remark that the cost of legal services is covered by receipts from Court Fees which in 1936-37 aggregated £P. 114,637. This figure includes notarial and execution fees, but notarial work is carried out by the staff of the Courts and the cost of the Execution Office is included in the expenditure of the Judiciary. It may be said, therefore, that the Judiciary is self-supporting.

D SOCIAL SERVICES

A sum of £P 471,513 or 7.8% of the total expenditure for the year 1936-37 was expended on the following services —

	£P.
Health and Quarantine	204,350
Education	243,243
Antiquities and Archaeology	23,920
	<hr/>
	471,513

The expenditure on health services comprises the disbursements on hospitals, village clinics, the quarantine service run by Government, and a contribution to Jewish institutions towards the construction and maintenance of Jewish hospitals and medical services³⁴. The activities of the Department of Health include *inter alia* the freeing of the country of endemic diseases, such as malaria, the maintenance and upkeep of laboratories, the control of epidemics when they break out, the supervision of unhealthy trades and generally the maintenance of healthy conditions throughout the country. The subsidy to Jewish institutions is determined by the extent to which similar services are provided by Government. As compared with the expenditure in 1933-34 the disbursements in 1936-37 show an increase of £P 68,512 or 50%.

The expenditure on Government schools, including overhead charges, amounted in 1936-37 to £P 243,243 which represents an increase of approximately 21 % over the expenditure in 1933-34. Owing to cultural and religious differences, Government schools are not frequented by Jews. Jewish educational institutions are to some extent supervised by Government and they receive financial aid from Government³⁵ on the basis of a formula intended to give them a grant per head of a number of the Jewish school-age population, bearing to the total number of Jewish school age population to the same proportion as the number of Arab children in Government schools bears to the total Arab school age population. The grant per head is determined by the expenditure per head on the children attending Government schools. In addition to ordinary expenditure on education, fairly large sums have been expended on the provision of school buildings in order to provide accommodation for a greater number of pupils. Under the head of "Public Works Extraordinary" £P 12,179 was spent in 1935-36 and £P 2,308 in 1936-37.

³⁴ *Report on the Administration of Palestine and Trans Jordan to the League of Nations* 1935, pp. 32 and 33.

³⁵ *Ibid*.

Apart from this, a sum of £P. 121,337, as an advance in anticipation of the issue of loan, was expended to 31st March, 1937. It is to be expected that in the near future the recurrent expenditure on Education will be materially increased. The arrangement for the provision of village schools is dependent on the ability of the villagers to provide the school building and furniture. In recent years, however, Government has undertaken to help the villagers by a grant equal to one-half of the estimated cost of the building. When the building and furniture are provided Government appoints at its expense a teacher and in some cases two for the village. The instruction includes a course of practical agricultural work in which the village boys take great interest.

The burden per head of the expenditure on social services is 1936-37 amounted to approximately 340 mils.

E. DEVELOPMENTAL AND ECONOMIC SERVICES.

The activities grouped under this classification and the importance of the expenditure on each are set out in Table XV.

TABLE XV

Expenditure on Developmental and Economic Services, 1933-34 to 1936-37
(Actual expenditure)

Service	1933-34 Amount in £P.	1934-35 Amount in £P.	1935-36 Amount in £P.	1936-37 Amount in £P.
Agriculture, Forests and Fisheries	115,076	147,286	181,003	201,709
Department of Development	7,822	6,901	8,304	17,244
Posts, Telegraphs and Telephones —Recurrent Expenditure	167,245	225,048	310,778	351,943
Posts, Telegraphs and Telephones —Extraordinary Expenditure	27,487	71,623	132,301	129,002
Public Works—Recurrent Services	238,864	277,818	346,780	396,746
Public Works—Extraordinary Works	134,359	262,878	645,044	705,094
Trans-Jordan Frontier Force—Ex- traordinary Works	13,075	26,592	18,477	9,944
Railway (deficit)	59,259	33,805	124,159	69,631
Debt Charges	127,198	126,904	126,449	126,449
Payment to the Colonial Develop- ment Fund	24,003	271	690	32
Total	914,388	1,179,126	1,893,985	2,007,794

36. From Report by the Treasurer, for respective years.

The expenditure on developmental and economic services in 1936-37 represents 33% of the total expenditure for the year, and as compared with the expenditure on these services in 1933-34 it indicates an increase of £P 1,093 406 of the total increase in the annual expenditure of £P 3,568 647, or approximately 32%. This comparison serves to show the trend of expenditure when essential services have been provided for

1 **Agriculture, Fisheries and Forests** The activities of the Department of Agriculture and Fisheries and the Department of Forests (until the end of 1935-36 one department) are wide and varied. In the domain of agriculture the Department of Agriculture and Fisheries comprises an Agricultural Section, a Horticultural Section, and an Entomological Section. It runs several Agricultural and Horticultural Stations, and a number of demonstration plots have been planted under the supervision of the Department. The citrus industry is supervised by Citrus Fruit Inspector who is in close touch with the Entomological Section for the control of black scale. A Stud Farm is established in the neighbourhood of Acre and renders no mean service in improving the local stocks. A Veterinary Service functions as a Section of the Department of Agriculture and Fisheries comprising poultry and bee-keeping. The expenditure on the two Departments of Agriculture and Fisheries and Forests in 1936-37 amounted to £P 201,709 as compared with an expenditure of £P 115 076 in 1933-34, an increase of 75%.

2 **Posts, Telegraphs and Telephones** The recurrent expenditure on this Department has increased from £P 167,245 in 1933-34 to £P 351 943 in 1936-37. The total revenue of the Department in 1936-37 amounted to £P 477,493, which after meeting the expenditure on the services undertaken by the Department leaves a balance of £P 125 550 as a net contribution to revenue.

3 **Public Works** Ordinary and extraordinary expenditure on public works in 1936-37 amounted to £P 1,240,786, which represents 20% of the total expenditure for the year and approximately 62% of the disbursements on developmental and economic services. The expenditure on public works is generally revenue-earning or expenditure-saving, so that the increase in the sums expended on such works, when the revenues of the country admit of the extension, is likely to prove of material service in case of shrinkage in revenue at some future date. The works undertaken in 1936-37 cover a wide field. They include construction or improvement of harbours, airports, hospitals, school buildings, roads and bridges, etc. The cost of maintenance including overhead charges amounted to £P 396,746 or approximately 32% of the

total expenditure on public works; but it should be pointed out that the charge for maintenance is in respect of the aggregate works completed in previous years; and it bears no relation to the works executed in 1936-37.

4. **Railway.** The Palestine Railway was taken over from the Military Administration at a valuation of £P. 786,000; but the payment of this sum was not effected until the Government was able to meet the charge from the proceeds of a loan. Until then the railway accounts showed an excess of receipts over expenditure, but the necessity for the railways to meet the payment of interest and to provide for a sinking fund from current income, on that portion of the loan which was expended for railway purposes including capital improvements, and the growing competition of road transport have reversed the position; and the railway accounts now show a deficit. Railway working alone, however, shows an appreciable profit, but these profits are insufficient to meet debt charges and to make adequate provision for renewals. This essential service undertaken by Government is, therefore, for the time being, a charge on the tax-payer; and although it suffers from competition of motor transport the railway fulfils an economic need and cannot be entirely replaced by motor transport where heavy traffic is concerned. It has rendered and is still rendering valuable service in the transportation of oranges to ports of exportation, which is the main export industry of the country.

5. **Debt Charges.** In public finance the raising of a loan for the execution of extraordinary works is tantamount to the conversion of an extraordinary charge to a normal charge on current revenues, and since the loan raised by Palestine of £P. 4,475,000 was expended on capital works, the annual charge for the service of the debt has been included in the class of economic and developmental services. The works undertaken from loan funds to 31st March, 1938 include: the purchase of the railway and other capital expenditure in connection with it, which account for approximately £P. 2,639,000; the construction of the Haifa Harbour and Port Improvements, on which a sum of approximately £P. 1,489,000 has been spent; and other capital works (including the cost of raising the loan), which have been executed at a cost of approximately £P. 369,000. The burden of debt per head of the population in 1937-38 was about £P. 3.250 mils and the annual charge for interest and sinking fund contribution calculated as a charge per head of the present population does not exceed 115 mils although the loan bears interest at the rate of 5%.

Palestine has no other public debt. Its share of the Ottoman Empire Debt was paid off on August 21st, 1928 (See Appendix X, C).

XI General Remarks

A proper evaluation of the fiscal system would entail an extensive enquiry beyond the scope of this chapter. Only a few remarks will be made in conclusion as regards fiscal adequacy of the system and equity in the distribution of the tax burden.

The appreciation of the financial system (from the standpoint of fiscal adequacy) may be gathered from the accumulation of surplus balances. Total revenue and expenditure during the last eighteen years are given in Table XVI.

From 1921-22 to 1931-32 revenue receipts remained fairly stable around £P 2,400,000 with the exception of three bad years, namely 1922-23, 1923-24 and 1924-25 when revenue receipts were £P. 1,810,000,

TABLE XVI

Total Revenue and Expenditure, 1920-21 to 1937-38³⁷
(In Palestinian pounds)

Year	Revenue	Expenditure	Surplus (+) or deficit (-)
1st July 1920 to 31st March 1921	1,136,951	1,259,587	- 122,636
1921-22	2,371,531	1,929,341	+ 442,190
1922-23	1,809,831	1,884,280	- 74,449
1923-24	1,675,788	1,675,105	+ 683
1924-25	2,154,946	1,852,985	+ 301,961
1925-26	2,809,324	2,092,647	+ 716,677
1926-27	2,451,365	2,123,568	+ 327,797
1927-28	2,358,365	2,700,414	- 342,049
1928-29	2,497,011	2,997,750	- 500,739
1929-30	2,355,623	2,245,989	+ 109,634
1930-31	2,462,304	2,567,671	- 105,367
1931-32	2,354,696	2,377,625	- 22,929
1932-33	3,015,917	2,516,394	+ 499,523
1933-34	3,985,492	2,704,856	+ 1,280,636
1934-35	5,452,633	3,230,010	+ 2,222,623
1935-36	5,770,457	4,236,202	+ 1,534,255
1936-37	4,640,821	6,073,502	- 1,432,681
1937-38	4,897,356	7,331,646 ^a	- 2,434,290
	542,00,411	51,799,572	+ 2,400,839

³⁷ Report by the Treasurer, 1936-37, p. 2 and 1937-38, p. 3

£P. 1,676,000 and £P. 2,155,000 respectively. The year 1932-33 marks the starting point of an amelioration in revenue receipts when total receipts amounted to £P. 3,016,000. Receipts in the succeeding three years were considerably greater. The main increase occurs under Customs Import Duty the revenue from which rose from £P. 922,080 in 1931 to £P. 2,751,246 in 1935-36. This increase is partly due to tariff manipulation, but the fundamental cause is the development of commercial activities as reflected by the volume of the external trade of the country which increased from £P. 14,700,000 in 1933 to £P. 21,000,000 in 1935. In the last two financial years annual revenue dropped by about one million Palestinian pounds, as compared with 1934-35 and 1935-36, due mainly to contraction of economic activities and the disturbances.

As can be seen from Table XVI, a surplus of £P. 6,267,810 had accumulated to 31st March, 1936, of which £P. 5,037,514 had accumulated in the three years 1933-34 to 1935-36. During the last two financial years not only revenue decreased, but expenditure increased considerably, rising from £P. 4,236,202 in 1935-36 to £P. 6,073,502 in 1936-37 and to £P. 7,331,646 in 1937-38. The increase is due mainly to political disturbances, and in 1937-38 also to the transfer to expenditure of £P. 1,591,939 in respect of payments in that year and previous years which had been treated as advances or had been charged to suspense accounts.³⁸

On the whole from the description of the various taxes given in the earlier section one may deduce that no attempt has been made to establish a system of progressive taxation. The Urban Property Tax, for example, is based on the assessed net annual value of the property which normally is the rent after making an allowance for repairs. The tax is collected at a uniform rate prescribed annually so that in effect it is a proportional tax. The Rural Property Tax on the other hand is based on the presumed net return from cultivation and does not take into account the actual or even the assessed net return to the owner. It should be remarked, however, that the fiscal system rests mainly on indirect taxation which accounts for about 55% of total receipts, and together with licences and fees it represents about 73% of total collection, while the revenue from direct taxation is represented by 8%. Whether direct taxation is progressive, proportional or regressive it accounts for little in the fiscal system applicable to the country.

38. See *supra*, p. 545.

The incidence of indirect taxation is hard to determine since the contribution of individuals depends on their likes and dislikes and on their ability to pay the price of dutiable commodities. It may, therefore, be assumed that normally contributions to indirect taxation come in the main from those tax payers who are able to pay them, and when customs import duties are heavier on luxuries the tax may be regarded as progressive. Insofar, however, as the bulk of revenue from indirect taxation is received from duties on commodities which are in the nature of necessities or conventional necessities the burden of taxation tends to be regressive falling more heavily on the poorer classes of consumers.

From the fiscal point of view, as the system rests mainly on indirect taxation it involves the possibility of a shrinkage of receipts if the majority of individuals, for financial, economic or other reasons, should escape taxation in part or in full by reducing consumption of a taxable commodity or substituting a non taxable for a taxable commodity. This theoretical risk, however, is not present to an alarming degree in Palestine. Although the Customs Tariff bears heavily on silks, perfumery, alcoholic drinks, chocolates and such like, it includes a variety of commodities which are, or have become, necessities of life and are difficult to replace. This assures a certain stability of receipts from this source even when the flow of prosperity falls below the normal level.

Professional men, bankers, merchants and shopkeepers are at present immune from taxation except as consumers of dutiable goods or property owners. In fact there is no tax on income except that derived from property in urban and rural areas so that the person who derives his whole income from this source is more heavily taxed than the person whose income accrues from a liberal profession or from trade. An income tax, coupled with an adjustment of the taxes at present in force, will, apart from increased receipts, tend to a more equitable distribution of the burden of taxation. The imposition of an income tax has been considered a few years ago by Government but, desirable as it is, it was found that the country was not ripe for the application of such a tax in a comprehensive manner. The matter was left in abeyance for reconsideration at some future date in the light of statistical data which was to be compiled.

In closing, it should be reiterated that the reforms made under British Mandate have reduced to a large extent the inequity in the distribution of the tax burden that prevailed under the Turkish Regime, and may be regarded as a step in advance towards providing a more equitable system of taxation in the future.

APPENDICES

APPENDIX I, A.

POPULATION OF PALESTINE AT THE CENSUS OF 1922, AND AS AT JUNE 30 OF EACH OF THE YEARS 1923-1936, BY RELIGIONS 1

Year	Total	Moslems	Jews	Christians	Others
1922 (Census)	752,048	589,177	83,790	71,464	7,617
1923	778,989	609,331	89,660	72,090	7,908
1924	804,962	627,660	94,945	74,094	8,263
1925	847,238	641,494	121,725	75,512	8,507
1926	898,442	663,613	149,500	76,467	8,782
1927	917,315	680,725	149,789	77,880	8,921
1928	935,951	695,280	151,656	79,812	9,203
1929	960,043	712,343	156,481	81,776	9,443
1930	992,559	733,149	164,796	84,986	9,628
1931	1,023,734	753,812	172,028	87,870	10,024
1932	1,052,872	771,174	180,793	90,624	10,281
1933	1,104,884	789,980	209,207	95,165	10,532
1934	1,171,158	807,180	253,700	99,532	10,746
1935	1,261,082	826,457	320,358	103,371	10,896
1936	1,336,518	848,342	370,483	106,474	11,219

1. *Statistical Abstract of Palestine*, 1936, p. 16.

APPENDIX I, B

COUNTRY OF PREVIOUS ABODE OF IMMIGRANTS, 1926-1936

Country	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
Total	13,910	3,595	3,086	6,566	6,433	5,533	11,289	31,977	44,143	64,147	31,671
<i>Europe</i>											
Austria	214	35	29	126	72	44	104	342	943	1,390	592
Belgium	20	8	7	13	18	16	32	11	76	407	224
Bulgaria	104	28	26	37	32	21	69	130	184	470	177
Czechoslovakia	78	22	21	89	60	37	103	362	872	1,561	652
Danzig	26	6	4	10	12	3	26	35	61	153	66
Denmark	—	1	1	3	1	7	3	2	2	12	22
Estonia	8	1	1	—	—	6	8	20	31	44	20
Finland	3	2	—	—	1	1	2	4	15	10	4
France	91	102	51	78	82	109	142	89	154	1,327	621
Germany	466	177	171	283	243	224	462	5,515	7,094	8,761	8,265
Gt. Britain	220	165	132	355	606	457	443	623	817	702	751
Greece	107	38	70	101	62	117	327	1,308	1,632	2,206	407
Hungary	69	31	22	22	24	33	50	124	289	387	170
Italy	80	108	68	79	78	83	127	151	292	276	319
Latvia	111	27	17	113	91	61	170	474	739	1,151	507
Lithuania	446	154	88	193	123	179	243	1,100	1,126	2,139	785
Netherlands	13	9	6	10	13	14	36	60	134	457	330
Norway	1	1	1	1	—	1	—	—	8	7	1
Poland	7,394	958	395	1,971	2,419	1,679	3,160	13,133	18,028	27,847	11,602
Portugal	2	—	—	—	—	4	2	6	3	34	9
Roumania	856	161	108	355	316	252	508	1,416	2,038	3,899	1,455
Russia (U.S.S.R.)	1,517	557	301	369	422	371	139	380	844	641	600
Spain	11	16	9	16	16	20	39	26	68	63	47
Sweden	—	4	1	11	3	1	1	7	7	23	5
Switzerland	26	14	5	14	8	12	31	31	50	187	167
Yugoslavia	17	13	3	12	23	15	47	166	153	341	128

APPENDIX I, C.

POPULATION OF PALESTINE CENSUS OF 1931
BY CITIZENSHIP

Country of citizenship	Number of citizens			
	Total	Arabs	Jews	Others
All countries	969,268	772,904	174,809	21,555
Palestine ^a	883,033	766,284	108,694	8,055
Syria	3,461	2,096	354	1,011
Trans-Jordan	2,693	2,141	1	551
Egypt	2,016	1,158	286	572
Iraq	952	30	862	60
Persia (Iran)	2,653	39	2,366	248
Turkey	1,842	67	1,541	234
Yemen	1,790	14	1,771	5
Czechoslovakia	1,119	—	1,090	29
France	5,082	458	3,979	645
Germany	2,945	3	1,013	1,929
Greece	1,666	19	1,032	615
Italy	1,103	130	318	655
Lithuania	2,134	—	2,131	3
Poland	23,288	—	23,203	85
Roumania	2,659	—	2,628	31
Spain	1,447	2	1,310	135
United Kingdom	6,870	29	2,050	4,791
U. S. S. R.	9,360	4	8,808	548
U. S. A.	2,668	188	2,232	248
Others and not recorded	10,487	242	9,140	1,105

APPENDIX VI, A.
POSTAL TRAFFIC STATISTICS¹

Year	Letters	Postcards	Printed matters and samples	Parcels	Telegrams
1924	6,655,000	713,000	3,258,000	127,800	252,300
1925	9,909,900	661,600	3,620,000	126,010	307,165
1926	11,496,900	737,760	4,410,574	157,100	296,530
1927	11,996,470	980,158	4,607,608	147,500	275,165
1928	11,564,261	931,812	5,284,812	174,006	248,717
1929	11,625,742	942,259	5,750,000	153,522	336,902
1930	11,763,770	932,080	6,194,900	165,426	264,378
1931	10,787,750	819,559	5,839,902	147,136	256,350
1932	12,389,400	918,700	6,446,700	135,491	252,600
1933	17,716,800	1,376,400	9,604,000	156,873	307,000
1934	21,484,100	2,081,300	12,691,900	190,619	399,000
1935	28,960,959	2,874,014	18,552,877	208,624	508,332
1936	33,736,968	3,309,904	20,786,808	207,868	482,886
1937	33,068,000	3,300,900	21,371,100	197,286	407,000

1. *Statistical Abstract of Palestine*, 1937-38, p. 85.

APPENDIX VI, B
VALUE OF POSTAL MONEY
ORDER TRANSACTIONS²

Year	Palestine postale orders		Imperial postale orders		Inland money orders	Foreign money orders	
	Issued	Paid	Issued	Paid		Issued	Paid
1926	75 335	75 075	12 621	2 154	165 250	22 274	50 975
1927	77 970	77 607	11 858	2,554	171 147	14 376	64 009
1928	80 239	80 373	9 903	2 798	170 032	9 299	63 096
1929	73 724	73 486	9 615	3 760	171 847	8 885	64,349
1930	71 207	71 334	13 114	4 722	165 950	12 583	61 492
1931	72 330	72 200	14 370	3 985	138 848	16 034	64 485
1932	72 550	71 783	14 493	3 791	120 300	11 717	61 050
1933	77 152	76 794	14 927	3 642	122 756	13 106	127 157
1934	84 951	84 872	16 109	3 961	109 702	14 942	109 096
1935	106 472	105 756	19 045	4 961	126 774	21 959	103 979
1936	129 179	128 615	24 273	6 953	169 288	23 669	138 300
1937	125 626	125 902	31 612	8 519	133 502	19 567	133 450

² *Statistical Abstract of Palestine 1937-38* p. 85

APPENDIX VI, C.
TELEPHONE STATISTICS 3

Year	Teleg. & teleph. trunk lines Kms.	Teleg. & teleph. local lines Kms.	Teleph. instru- ments	Teleph. subsc. exchange lines	Teleph. local calls	Teleph. trunk calls
1924	10,360	3,526	1,816	1,318	7,400,000	468,635
1925	11,664	5,589	2,226	1,518	10,000,000	532,827
1926	11,664	5,611	2,551	1,771	10,500,000	562,600
1927	12,078	7,686	2,846	1,940	10,550,000	493,410
1928	12,397	8,780	3,232	2,154	10,667,000	551,238
1929	12,822	10,433	3,977	2,496	11,477,910	564,630
1930	13,152	13,807	4,336	2,821	13,199,600	632,385
1931	13,229	14,557	4,602	2,977	14,500,000	685,475
1932	13,556	16,881	5,248	3,300	17,500,000	819,000
1933	13,434	18,172	6,155	3,862	24,760,500	969,700
1934	14,216	25,486	8,243	4,773	27,795,200	1,153,819
1935	14,598	35,430	10,381	5,829	28,735,257	1,497,256
1936	16,532	50,028	12,480	7,041	30,992,423	1,870,490
1937	19,104	70,658	14,848	8,417	36,673,200	1,917,300

APPENDIX X, A.

REVENUE ACCORDING TO GOVERNMENT CLASSIFICATION,

1933-34 to 1937-38 1

Heads of revenue	1933—34	1934—35	1935—36	1936—37	1937—38
	Actuals	Actuals	Actuals	Actuals	Actuals
1. Customs	1,868,598	2,600,370	2,751,246	2,019,479	1,999,697
2. Port and Marine	56,489	90,701	107,597	110,206	129,119
3. Licences, Taxes, etc.	857,180	1,075,295	1,082,427	852,948	982,032
4. Fees of Court, etc.	534,355	845,923	913,027	703,129	750,666
5. Posts and Telegraphs	287,843	355,817	418,896	477,493	508,887
6. Revenue from Govern- ment Property	14,420	21,619	23,952	50,317	50,363
7. Interest	56,896	97,102	141,279	150,730	130,284
8. Miscellaneous	121,337	177,886	154,021	128,021	184,128
9. Land Sales	26,609	31,640	18,874	2,441	9,234
	3,823,727	5,296,353	5,611,319	4,494,764	4,744,410
10. Grant-in-Aid	137,760	141,367	140,345	139,686	140,533
11. Colonial Development Fund	24,005	14,913	18,793	6,371	12,413
Total	3,985,492	5,452,633	5,770,457	4,640,821	4,897,356

1. Increase during 1934-35 and 1935-36 due to expansion of imports for home consumption consequent on the increased population and to capital importation; and to a general improvement in conditions in rural areas resulting from better local harvests. Decrease in 1936-37 and 1937-38 due to decline in industrial and commercial activities in general.

2. More shipping calling at Haifa Port, due partly to existence of the Oil Dock.

3. The main items of revenue under this head are Excise Duties (on tobacco, wines and spirits, matches and salt), Urban Property Tax, Rural Property Tax, Stamp Duties, Road Transport Licences and Animal Tax.

4. The main sources of revenue under this head are fees for land registration and court fees.

5. Increases under this head were mainly in respect of Sale of Stamps and Telephone Subscriptions and Trunk Line Calls.

6 The most important sub-head under this item is 'State Domain', under which are recorded the receipts from leases in the reclaimed area at Haifa. The sub-head 'Mining Rents and Royalties' includes the payment made annually by the Palestine Potash Ltd. in respect of royalties on exports under the concession.

7 The main item under this head is interest in respect of 'Investments by Crown Agents' of surplus balances.

8 The main items under this head are the contribution by the Palestine Currency Board in respect of 'Profits from Currency' and appreciation and profits on investments held in respect of surplus balances.

9 Receipts under this head are mainly due to payment of transfer price of lands under the Ghor Mudawwara Agreement by transferees permitted to dispose of their holdings.

10. The Grant in Aid in respect of the Trans-Jordan Frontier Force is calculated on three-quarters of the actual expenditure under head "Trans-Jordan Frontier Force" and the whole of expenditure on capital works in Trans Jordan.

11 Grants to assist Palestine towards meeting interest charges on the capital cost of certain schemes, including Jerusalem Water Supply, Jerusalem Drainage Scheme, and Hebron Water Supply.

APPENDIX X, B.

EXPENDITURE ACCORDING TO GOVERNMENT CLASSIFICATION,

1933-34 to 1937-38²

Heads of expenditure	1933-34 Actuals	1934-35 Actuals	1935-36 Actuals	1936-37 Actuals	1937-38 Actuals
1. Pensions	24,193	28,747	34,243	37,040	50,588
2. Public Debt and Loan Charges	127,198	126,904	126,449	126,449	158,896
3. His Excellency the High Commissioner	9,313	10,694	9,103	10,254	10,552
4. Secretariat	25,433	24,735	39,487	69,463	76,651
5. District Administration	97,712	108,790	154,840	156,931	165,055
6. Legal Department	10,451	10,294	11,000	14,011	18,112
7. Judicial Department	89,534	91,545	94,151	100,882	110,567
8. Treasury	15,746	16,553	17,095	20,495	22,762
9. Audit	12,182	12,793	13,628	17,998	16,746
10. Customs, Excise and Trade	94,395	147,620	243,449	277,477	250,530
11. Department of Health	135,838	166,311	194,632	204,350	215,448
12. Department of Education	179,635	201,498	221,087	243,243	300,742
13. Agriculture and Forests	115,076	147,286	181,003	—	—
13a. Department of Agriculture and Fisheries	—	—	—	177,387	321,676
13b. Department of Forests	—	—	—	24,322	25,201
14. Antiquities Department	8,359	17,197	18,340	23,920	22,150
15. Lands and Surveys	—	—	115,823	124,878	130,334
15a. Land Settlement	27,298	26,541	—	—	—
15b. Lands Department	20,024	21,455	—	—	—
15c. Survey Department	60,007	62,810	—	—	—
16. Development	7,822	6,901	8,304	17,244	98,196
17. Police and Prisons	486,605	506,712	527,467	744,619	941,975
18. Migration	21,392	29,437	32,424	36,965	39,226
19. Statistics	—	—	1,499	4,765	6,418
20. Trans-Jordan Frontier Force	172,318	165,165	171,187	179,257	175,182
21. Defence	110,125	144,118	145,289	1,297,000	789,738
22. Posts and Telegraphs	167,245	225,048	310,778	351,943	429,127
23. Public Works Department	49,496	48,944	58,694	76,396	132,497
24. Public Works Recurrent	189,369	228,875	288,086	320,450	333,849
25. Miscellaneous	189,908	257,868	297,473	502,160	466,683
Total Ordinary	2,446,674	2,834,841	3,315,531	5,159,799	5,308,901
26. Posts and Teleg. Extraord.	27,487	71,623	132,301	129,002	112,031
27. Public Works Extraordinary	134,359	262,878	645,044	705,094	1,614,885
28. Trans-Jordan Frontier Force Extraordinary	13,075	26,592	18,477	9,944	12,828
Total Extraordinary	174,921	361,093	795,822	844,040	1,739,744
29. Railways (excess of expenditure over revenue)	59,259	33,805	124,159	69,631	230,123
30. Colonial Development	24,002	271	690	32	18,919
Total	2,704,856	3,230,010	4,236,202	6,073,502	7,297,688

2. Reports by the Treasurer, 1933-34 to 1935-36.

APPENDIX V, C.

PALESTINE'S SHARE OF THE OTTOMAN PUBLIC DEBT

According to the Treaty of Lausanne the Public Debt of the Ottoman Empire was to be borne by Turkey and the several States detached from the former Ottoman Empire on the basis of the proportion of revenue collected in the several States to the total revenue of the Ottoman Empire in the financial years 1910-11 and 1911-12. As a result of the distribution that ensued the share of Palestine in the capital of the debt amounted to £P 3 282 625 out of a total of £P 129,384 910, or just about 2½% of the total Ottoman Public Debt as it stood on the 6th August, 1924. Of the arrears referred to in Article 35 of the Treaty of Lausanne, relating to the period between 1st March 1920, and the 6th August, 1924, the share due by Palestine to bond holders amounted to £P 634,377. The loan of the Societe des Dockes Arsenaux et Constructions Navales was under discussion between Turkey and the Societe at the time of settlement and it was arranged that the portion of the capital of this loan which fell to the lot of Palestine to bear, namely £P 34 442, should be left in abeyance until the issues raised by Turkey had been settled.

On the 1st March 1928 when the account was eventually settled, Palestine's share of the sums due to bond holders amounted to £P 4 577 667 made up as under

	£T	£T
Palestine share in the capital of the Debt	3 282,625	
Less Palestine share in the Loan Dockes Arsenaux et Constructions Navales	34 442	3,248,183
Arrears of payments for the service of the Debt in respect of the period 1st March, 1920 to 6th August, 1924		760,451
Amount payable for the service of the Debt in respect of the period 6th August, 1924, to 1st March, 1928		541,011
Palestine share in the Advances made to the Ottoman Government from time to time by various companies operating in the Empire (Administration des Phares and the Societe du Cable Constanza)	22,750	
Interest due for the period 6th August 1924,		

to 1st March, 1928	6,115	
	<hr/>	
	28,865	
Less : Payment by Palestine on 6th August, 1925	843	28,022
		<hr/>
Total		4,577,667

It was arranged that payment in respect of capital would be accepted in bonds of the various loans at their face value and that coupons would also be accepted in payment of arrears and sums due in respect of the service of the debt. Bonds and coupons were purchased by Government in the open market and settlement was effected on 21st August, 1928, in the following manner :—

		£T.
Nominal value of bonds handed over to the Administration of the Debt of the various loans		3,147,550
Coupons handed over in respect of arrears and sums necessary for the service of the Debt for the period 6th August, 1924, to 1st March, 1928		793,521
Palestine share in the redemption by drawings for the period 6th August, 1924, to 1st March, 1928, abandoned to the Debt Council		43,256
Palestine share of redemptions by purchase abandoned to the Debt Council		118,821
Palestine share in coupons payable on 6th August, 1924		25,044
Interest on twenty annuities paid in advance		67,689
Payment in cash (£P. 258,836):	£P.	382,198
Payment on account in 1925	164,425	
Interest at 2½% thereon	11,398	
Palestine share in the Reserve Fund	13,006	
Palestine share in the Tripoli Fund	1,936	
Final payment due on 1st March, 1928	68,071	
	<hr/>	
	£P. 258,836	
	<hr/>	
Less : Surplus resulting from fractions of bonds and coupons abandoned by Palestine		412
		<hr/>
		£T. 4,577,667
		<hr/>

The cost of this arrangement to the tax-payer which was met from current revenue amounted to £P 813,248 made up as follows —

£P

Cash value of bonds and coupons purchased on the open market and delivered to the Council of the Ottoman Public Debt	579,300	
Amount payable on 1st March, 1928, to the Council of the Ottoman Public Debt in respect of unprocured bonds and coupons and of advances, as calculated by the Council	258,836	
	<hr/>	838,136
Less		
(a) Interest at the rate of $2\frac{1}{2}\%$ on a payment of £P 164,425 made by Palestine in 1925, on account of annuities	11,398	
(b) Palestine share on valuations on March 1st, 1924 of —		
(1) Reserve Fund	13,006	
(2) Tripoli Fund	1,936	26,340
	<hr/>	<hr/>
		811,796
Interest at the rate of $4\frac{1}{2}\%$ on the sum of £P 68,071 from 1st March, 1928 the date on which it was payable to the Council of the Ottoman Public Debt, until the 21st August 1928, the date on which the amount was actually paid		1,452
		<hr/>
Total Cost		813,248
		<hr/>

This settlement, however, left the following matters outstanding —

(a) The Debt Council accepted the bonds handed over by Palestine in settlement of its share of the debt in respect of Turkish Lottery Bond, but in view of the nature of these bonds it was agreed that the bonds will not entirely extinguish the liability of Palestine. The Debt Council was, therefore, charged with the administration of the bonds handed and with the encasement of premia and the redemptions which befall them. Sums so collected were held by the Council to meet the liability of Palestine in respect of Turkish Lottery Bonds redeemed at high premia.

This portion of the Debt was finally settled in 1934 by the payment of £P. 454 to the Debt Council.

(b) The Banque Bauer Marshal & Cie. held an amount of £13,974. 0. 3d. for the service of the 5% Treasury Bonds 1913. The Debt Council claimed this amount, but the Bank refused to surrender it. In computing Palestine's share of the total debt the sum held by the Bank was deducted from amounts outstanding. Should the Debt Council fail in its claim, Palestine will be called upon to contribute its share in this amount.

(c) Turkey has put forward a claim for the sole ownership of the Reserve Fund and the Tripoli Fund. The claim has been resisted and an arbitration has been proposed. The share of Palestine in these two funds was, however, taken into account in the settlement effect; but this cannot be regarded as final until an award is given. Arbitration proceedings have not as yet commenced.

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